

The complaint

Mr A complains that AXA Insurance UK Plc failed to reconsider the settlement paid for alternative accommodation following a claim on his home buildings insurance policy. He's also unhappy with the settlement paid for damage to a path and gate.

What happened

Mr A made a claim on his policy following subsidence at his home. Some of the communication with AXA was dealt with by his wife but Mr A is the policyholder and for ease I'll refer to him throughout.

AXA accepted the claim and arranged for contractors to carry out repair works. The work was extensive, so Mr A and his family had to move out while it was being done. AXA agreed to pay for alternative accommodation.

The contractors left before the work was finished. Mr A was unhappy with the way AXA managed the claim and made a complaint. Another ombudsman at this Service considered that complaint and issued a final decision in October 2022. The ombudsman considered various issues about the claim but not the settlement for alternative accommodation or the path and side gate; she said as those were still ongoing, and AXA had said it would reconsider its offer, it would not be appropriate to make any findings.

Mr A has now complained about the settlements made by AXA in respect of these two issues. In its final response to this complaint AXA said:

- The path already needed repair and any subsidence didn't change this. But a section of the path may have been affected by subsidence, so it had offered to pay for repairs to that section.
- The settlement of alternative accommodation costs was in line with its liability under the policy
- Delays by Mr A may have caused additional costs but it wasn't responsible for that.

Mr A wasn't happy with this response and referred the complaint to this Service but our investigator didn't think it should be upheld. She said the settlement for alternative accommodation costs was reasonable and it wasn't AXA's fault that the family's return home was delayed. And she thought the settlement for the path and said gate was reasonable as it was based on evidence provided to AXA about the extent of the damage.

Mr A disagrees and has requested an ombudsman's decision. He says:

- the cash settlement was only for the repairs – it didn't include alternative accommodation costs
- the work wasn't delayed – the delay was in getting AXA to pay the settlement
- it's not reasonable to say delays were outside of AXA's control – it was the insurer and should have been in control

- the accommodation offered by AXA wasn't suitable and he explained this at the time in email correspondence.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The relevant industry rules and guidance say insurers must deal with claims promptly and fairly and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.

There's no dispute that the claim is covered by the policy and AXA arranged for contractors to carry out work. Mr A is unhappy about the circumstances surrounding the contractors leaving site and AXA's response to that. But as another ombudsman has already issued a decision on other issues, I can't revisit those now. In this complaint I'm only considering the amounts paid by AXA to settle the claims for alternative accommodation costs and the repairs to the path and side gate. I can't comment on anything else.

Mr A has provided detailed comments. I've considered everything he has said and reviewed all the evidence AXA has provided but won't comment on every single point in detail; I'll focus on the key points. This is in line with the informal nature of our service.

With regard to alternative accommodation, the policy provides cover for the cost of *"reasonable alternative accommodation for you and your family if you cannot live in your home as a result of loss or damage insured under this policy."*

The key point here is that "reasonable" costs will be paid. AXA paid a cash settlement of £15,600 in October 2021. I need to decide whether that amount was reasonable.

The original offer was for short-term lets, sourced through a rental company. Mr A was looking for 6 month rental but he did agree to a short-term property. This was initially for one month but was extended to two months, up to September 2021. AXA paid these costs.

When the builders left in August 2021 it was clear that accommodation would be needed for longer, while other contractors were found to complete the work. As I've explained, I can't comment on arrangements relating to that. The accommodation was extended to October. It was estimated that the remaining work would take around four weeks. So that seems reasonable.

The dispute concerns whether alternatives offered by AXA were reasonable. AXA says estate agents had over 30 properties available so it thought it would be possible to find something. But Mr A wasn't happy with properties suggested to him and asked for a cash settlement, so AXA agreed to consider this. And it considered a six month rental, even though that was excessive, as the cost of short term lets was very high.

I have considered the correspondence relating to the alternative accommodation. AXA let Mr A know a decision would need to be made quickly. The options AXA offered were rejected in October 2021 but Mr A didn't comment further on the cash settlement.

AXA made him aware that if it didn't hear from him about a property choice, it would pay a cash settlement so he could choose his own accommodation while the work was completed. I don't think that was unreasonable.

AXA offered a property at a rent of £2,600 per month or a cash settlement. As no agreement was reached about a suitable property it paid the cash settlement. I've considered all the comments Mr A has made about costs and the type of property he needed, including the need for space for him to work as he did a lot of his work from home. I appreciate he says it would be impossible to rent a property in the area where he lives for £2,600 per month. But I think it would have been possible to rent a house of a similar size to his for around that amount. And given that the work would not have taken as long as six months to complete, £15,600 would have enabled them to rent a suitable property for the time needed.

Taking all of these factors into account I think the sum paid was reasonable.

In relation to the path and side gate, AXA paid a settlement in April 2023 which included £1,100 for the path and £1,600 for the gate. It did this after considering a report provided by an expert on the nature and cause of the damage, and the extent to which it related to the subsidence. In the absence of any contrary expert advice that was fair.

I know the whole experience was very challenging for Mr A and his family. But the scope of this complaint is limited. I've taken into account the context in which the settlement of these two points was reached and for the reasons set out above I don't think AXA needs to pay any more in respect of this.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 2 July 2024.

Peter Whiteley
Ombudsman