

## The complaint

Mrs H has complained about her property insurer AXA Insurance UK Plc because it has declined her claim made for subsidence.

## What happened

Mrs H noted cracking at her home. She made a claim to AXA. AXA's claim handler asked Mrs H some questions about the property and damage and asked her to send in some photos for it to consider. AXA subsequently felt the damage had not been caused by subsidence, so it declined Mrs H's claim.

When Mrs H complained to the Financial Ombudsman Service, our Investigator wasn't persuaded that AXA had acted fairly. He felt that because this was a claim for subsidence, if AXA wanted to decline it, it would need to provide expert evidence to support that. He said AXA should reconsider the claim, including completing further investigations.

AXA said it felt it had made a reasonable decision on this occasion. It said that if it reconsidered matters, all that would happen would be that a loss adjuster would review the same photos. AXA emphasised that not all cracking at a property is caused by subsidence.

The complaint was referred to me for an Ombudsman's decision. I wasn't minded to uphold it. I issued a provisional decision to explain my view on the complaint. My provisional findings were:

*"In any insurance claim it is up to the policyholder to show, on the face of it, they have suffered damage likely covered by the policy. What that will mean in practice will depend upon the damage itself and/or the claim.*

*Subsidence can cause substantial damage to properties. As such the possibility of it is a real worry for policyholders. It's also something which can require a good deal of technical expertise to fully assess and resolve. Which presents a further concern for policyholders. With this service recognising these facts and expecting insurers to handle subsidence claim with fairness whilst taking the lead as the best placed experts to determine their liability under the policy. Meaning a policyholder wouldn't usually be expected to present expert evidence in order to show, on the face of it, that they have a subsidence claim.*

*For subsidence, to show on the face of it that there is likely a claim, it will often be sufficient for a policyholder to show that they have damage at their property which is consistent with that caused by subsidence. If a policyholder does that then an insurer should be acting on that to ensure appropriate experts are appointed to determine if what looks like it might be subsidence is in fact that.*

*However, not all cracking which might occur at a property is caused by subsidence. Insurers though, through their work handling accepted and declined subsidence claims, are familiar with the type of damage which is caused because of subsidence, as well as what things can*

*likely cause subsidence. When Mrs H spoke with AXA about her claim, it asked her questions about the property and damage, it then reviewed photos of the damage.*

*From the detail gathered AXA determined there was no likely cause of subsidence in the vicinity of the property – no drainage problems or large tress. It was also able to see from the photos that the damage in question was not indicative of that caused by subsidence. The key issue there being that the damage was to the upper floors of the property, whereas subsidence typically manifests in the ground floors first. That is because the damaging movement occurs at or below ground level.*

*I appreciate that AXA did not appoint an expert such as a loss adjuster to determine that this was not subsidence. But in the circumstances here – where there was no likely cause for subsidence nearby and the damage present did not appear consistent with that caused by subsidence – I don't think that was an unreasonable decision. Let me be clear, I'm not saying that AXA would be right in any circumstance to apply this approach. But here I think AXA made a reasonable decision that the claim should fairly be declined on the basis of the evidence provided by Mrs H. If Mrs H provides more compelling evidence of subsidence, such as an expert report, AXA should review it.*

*I know Mrs H is worried about having to appoint a surveyor of her own to find out what is wrong with the property. That she feels that she should have some support and guidance from her insurer in this respect. But AXA is only liable for damage caused by the perils listed in the policy. The most likely one which might apply, in the instance of crack damage, being subsidence, with AXA having reasonably declined the claim in that respect.*

*I'm also aware that Mrs H is worried as to what might happen if she changes insurer in the future and the new insurer decides there has been subsidence. I appreciate that this would be a worry for Mrs H. But it is not a reason for me to uphold this complaint against AXA. Mrs H may like to know though that there is an industry agreement in place which certain insurers subscribe to, which is designed to assist policyholders where subsidence damage is found after a policyholder has changed insurers. That is the "ABI – Domestic subsidence/heave/landslip "change of insurer" claims agreement". I trust this alleviates Mrs H's concerns in this respect."*

AXA did not reply to my findings. Mrs H said she'd asked a company to attend and assess her property. Following the visit she said they felt there was something worth investigating and provide a letter from them explaining they'd like to complete some site investigations.

### **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.

I note the detail Mrs H has provided. But, at this stage, it doesn't evidence that AXA was unfair or unreasonable in taking a view that there was no evidence of subsidence. Clearly the company Mrs H has consulted thinks that there is a need to investigate the cause of the cracks – but they haven't currently suggested that, in their expert opinion, the cracks are likely subsidence related. As I explained provisionally, AXA is not responsible, as a matter of course, for undertaking investigations of any and all damage at a property, including cracking, in order to determine *if* an event covered by the policy might have occurred.

If Mrs H appoints the company to complete the site investigations, and it forms an expert view on the cause of the damage, and Mrs H thinks there is cover for that, she can share

that detail with AXA. AXA can then review the policy coverage, in light of the damage and the expert opinion.

With regret for any further disappointment this may cause Mrs H, having reviewed her response to my provisional decision, my view on the complaint has not changed. As such, my provisional findings, along with my further comments here, are now the findings of this, my final decision.

### **My final decision**

For the reasons set out above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 27 August 2024.

Fiona Robinson  
**Ombudsman**