

The complaint

Mr F complains that AXA Insurance UK Plc unfairly declined a claim he made on his home insurance policy.

Reference to AXA includes its agents.

Mr F has been represented in this complaint, but for ease of reading I'll simply refer to Mr F throughout.

What happened

Mr F holds a home insurance policy with AXA. When he noticed damage to the flooring in his home, he made an escape of water claim to AXA.

AXA inspected the damage and identified rot, but it couldn't identify the source of the damage. It said because rot was excluded from cover, it was declining Mr F's claim. It also thought the damage had been caused over a sustained period of time – another thing his policy didn't cover him for.

Mr F wasn't happy with this and complained. AXA didn't change its stance, so he brought his complaint here.

Initially one of our Investigators didn't recommend Mr F's complaint be upheld, they thought AXA's decline was fair and in line with the policy terms.

Mr F didn't agree. He acknowledged rot wasn't covered by the policy, but thought the terms said it was covered, if it was caused by something else which was covered – such as an escape of water. He said his report showed a clear leak. He also didn't think it was fair the claim was excluded on the basis it was gradually occurring damage. He said he never had any way of seeing this damage before he made the claim – and said in such circumstances our service often found relying on the gradually operating damage clause was unfair.

On review, our Investigator changed their mind. They agreed Mr F was unlikely to have known about the damage before he reported it to AXA, so didn't think it was fair for AXA to rely on the gradually operating clause. And our Investigator thought the damage was most likely caused by an escape of water.

Mr F agreed, but this time AXA didn't. It said when it went to visit the property there was no sign of an escape of water. It said Mr F's report was some 19 months after its visit, so the leak found within it might be an entirely separate issue. It also said it thought the original issue being claimed for was caused by poor ventilation in the floor. It thought this was faulty or defective design and said the policy didn't cover this.

Our Investigator ultimately thought AXA's decline was reasonable and in line with Mr F's policy terms. She thought AXA was entitled to rely on the exclusion for rot, because there was no evidence of an escape of water or other event causing it. And they thought AXA's explanation of the most likely cause being the lack of ventilation plausible. She thought AXA

should investigate the escape of water found in Mr F's report though to see if there was a valid claim there.

AXA agreed. But it said a new claim would need to be raised via Mr F's broker. Mr F said he wanted to provide more information, but despite agreeing an extension to the deadline for that information to be provided, nothing more has been sent to us.

So, the case has been passed to me for an Ombudsman's decision.

It's also worth noting that AXA offered £100 compensation for some customer service related issues. Our Investigator thought that was fair. Neither party has since disputed this point.

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.

Having done so, I'm not upholding it. I'll explain why.

I want to assure all parties that I've considered all the submissions made but my findings will focus on what I consider to be the central issues to this complaint.

Our rules allow me to do this. This reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is a fair outcome.

- It's not in dispute that the damage is caused by rot. Both AXA's and Mr F's report confirm this. What's in dispute is the cause of the rot, and whether it should be covered by the policy.
- Ultimately AXA has said when it visited it couldn't locate an escape of water. It also noted that the ventilation was blocked at the rear of the property where the extension was built and thought that this poor ventilation was the most likely cause of the rot.
- AXA said when the property was built there were no buildings regulations, but that the need for ventilation has been long established. It said this is evidenced by air bricks present at the front of Mr F's policy, but these being blocked up at the rear where the extension is.
- Mr F's report clearly states a leak which it thinks is responsible for the escape of water.
- AXA says Mr F's report was some 19 months after it visited the property. It says it found no leak when it attended and thinks the leak in Mr F's report may have happened after its visit. I'm satisfied that's a reasonable stance. But AXA would need to investigate this leak and any damage caused by it should Mr F wish to make a separate claim for it.
- I'm satisfied AXA's stance on declining the claim is fair. Mr F's policy doesn't cover him for rot (wet or dry), unless it's caused by something else that he is covered for. AXA couldn't locate an escape of water despite trying to do so. Because there was no obvious cause of the rot, I think it's fair AXA decline the claim by relying on this exclusion.

- I find it's explanation of the poor ventilation plausible and think even given the lack of building regulations at the time, blocking up the air bricks when building the extension can be reasonably deemed to be poor or defective design. That's something the policy also excludes. I'm satisfied AXA is entitled to rely on this term too.
- Like our Investigator, I'm satisfied the £100 compensation offered by AXA is fair and reasonable in all the circumstances of this complaint. If it's not already paid it, it should do so.

My final decision

For the reasons set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 6 September 2024.

Joe Thornley
Ombudsman