

## **The complaint**

Mr W complains about the way that AXA Insurance UK Plc (“AXA”) handled a claim made for damage caused by an escape of water and about the settlement it offered.

## **What happened**

Mr W made a claim under his home insurance policy with AXA, when a leak was discovered in the bathroom of his property. AXA requested quotes for repair and Mr W provided two – so AXA contacted the provider of the lower quote in order to get some more information about the cause of the leak. AXA was told that in order to establish the cause, the shower tray and enclosure would need to be removed – and that the plumber had also identified a grouting issue.

A video call took place so AXA could ascertain the extent of the damage. It needed evidence that the shower tray and enclosure had been damaged by the leak. The plumber identified several issues causing damage both to the bathroom and to the kitchen. AXA said the policy would only cover one-off events and it made a settlement offer to Mr W, but said the grouting issue wasn’t covered as this was excluded under the policy.

It said the policy only covered damage caused by the reported leak and not the repair or issues caused by any other problems identified. It also said reasonable costs in locating the leak would be covered. But it believed, overall, that the quotes provided were excessive, so it settled for £4,093.09 despite Mr W providing quotes for costs totalling £8,140.

Mr W complained. He said there was poor service from AXA in dealing with the claim and that they’d only partially settled based on flawed assessments. Mr W thought AXA should accept the costings submitted by the more experienced and qualified tradespeople and settle the claim in full.

In its response to the complaint, AXA maintained that some of the quotes Mr W provided were for costs not covered, such as strip-out works which weren’t necessary to find the leak. It also said that whilst Mr W was requesting a new shower replacement, the policy only provided “new for old” in relation to contents and not buildings. So a new shower would constitute betterment and that wasn’t something AXA could agree to. AXA also said the 70 hours suggested for trace and access works seemed excessive, and it asked for a full breakdown of the quote. It offered Mr W £25 for the delays he’d experienced with the claim.

Mr W didn’t accept AXA’s response and referred his complaint to this service. Our Investigator considered it and thought a fair way forward would be for AXA to cover half the cost of the trace and access works, with interest, as well as the full cost of repairing the kitchen ceiling and bathroom floor that had been damaged.

AXA didn’t agree. It said the trace and access costs were excessive even if it were to allow two days for this. And that Mr W had proceeded with repairs before the costs were agreed, thereby prejudicing his position. It said it was open to reviewing costs again if Mr W could justify them, but that it hadn’t received anything else from Mr W since requesting more information.

Because an agreement between the parties couldn't be reached, the complaint has been passed to me to decide.

### **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've decided to uphold this complaint. I'll explain why.

From the photos and videos that have been provided, I can see there was damage to the stone tiles which appears to be a direct result of the removal of the shower tray and I'm also satisfied from the evidence provided that the floorboards were extensively damaged. So these should be covered under the claim.

Although AXA says a patch repair to the ceiling was carried out and is sufficient, I'm persuaded by the photographic evidence provided that a full repair would have been fair. The bathroom floor and kitchen ceiling were substantially damaged and had to be taken apart almost entirely from what I can see in the photos. Although AXA may not believe this to have been necessary, I don't agree and haven't seen enough evidence to persuade me that this wasn't needed. AXA has said *"We will also pay up to the limit for any one claim for necessary and reasonable costs that you incur in tracing and accessing the source of the damage to the home. This includes reinstating any wall, floor, ceiling, drive, fence or path removed or damaged during the search"*. So I think it would be reasonable for AXA to cover the reasonable market rate cost of the ceiling and flooring.

As AXA has mentioned, it wouldn't offer to provide its own contractors to carry out trace and access works, so it can't use its network rates to calculate the likely cost of the work and would need to use fair market rates instead. I've considered what these might be, for three days' trace and access work, which I think is a more reasonable amount of time to complete the work outlined, than the 70 hours estimated in Mr W's plumber's letter, or the two days suggested by AXA. I say this because looking at the revised quote, I can see there was a considerable amount of work involved which would be covered by the policy as it relates directly to tracing the leak and reinstatement of items that were necessary to remove in order to find the leak, such as removal of the base and enclosure. The subsequent investigations would then need to take place, and the reinstatement. From the photos and videos provided I can see that this was not a straightforward or quick job.

And from my own independent research, fair market rates for such work can be much higher than the hourly rates AXA has used in its calculations. So taking the higher rate, and applying it to three days' work, would cost around half the revised invoice. I therefore agree that AXA should increase its offer of £500 to £1,435 for trace and access.

### **Putting things right**

AXA Insurance UK Plc must now:

- Pay Mr W £1,435 for trace and access works.
- Add to the above amount 8% simple interest per annum, from the date Mr W paid the invoice to the date he is reimbursed.
- Cover the reasonable market rate costs of reinstatement of the kitchen ceiling and bathroom floor.

**My final decision**

My final decision is that I uphold this complaint and I direct AXA Insurance UK Plc to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 7 November 2024.

Ifrah Malik  
**Ombudsman**