

The complaint

Mrs F has complained about the way AXA Insurance UK Plc handled a claim she made under her buildings insurance policy.

Reference to Mrs F includes her representative.

What happened

The circumstances aren't in dispute, so I'll summarise the background:

- Mrs F has buildings insurance, underwritten by AXA, to cover the block of flats she owns. When she became aware of cracking, she got in touch with a structural engineer, H, who thought the damage may have been caused by subsidence. She got in touch with AXA, who appointed a loss adjuster, C, to handle the claim.
- C inspected the damage. It said some had been caused by subsidence and was covered by the policy, whilst some wasn't caused by subsidence and wasn't covered by the policy. It said the next steps for the claim were further investigations.
- Mrs F asked for H to handle the technical aspects of the claim as consulting engineer, and for their fees to be paid, and said all of the damage should be covered as part of the claim. C didn't agree to either point, a complaint arose, and the investigations didn't go ahead.
- AXA said it was entitled to decide how to handle the claim. It had appointed C to do that, and wasn't obliged to pay for H. It accepted there had been delays during the claim and providing a complaint response and offered £175 compensation. It didn't respond to Mrs F's point about the extent of damage covered by the policy.
- Mrs F referred her complaint to this Service. Our investigator asked AXA to address the outstanding point. It said an initial schedule of repair had been drafted following the inspection, based on the damage observed at the time. But, once the subsidence movement has been stabilised and the building is ready for repairs, a further inspection would be carried out to review the damage at that time and agree a schedule of repairs.
- Our investigator didn't think AXA was required to pay for H's professional input at this time. And, as AXA had said it would review the schedule of repairs once the property was stable, it had acted fairly on this point too.
- Mrs F disagreed on both points and asked for her complaint to be referred to an Ombudsman, so it's been passed to me.

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.

- When considering what's fair and reasonable in the circumstances I've taken into account relevant law and regulations, regulators' rules, guidance and standards, codes of practice and, where appropriate, what I consider to have been good industry practice at the time.
- Whilst I've read and taken into account everything said by both parties, I'll only comment on the points I think are relevant when reaching a fair outcome to this dispute. That's a reflection of the informal nature of this Service.
- The scope of this complaint is up to and including the complaint response in December 2023. Mrs F is entitled to raise a further complaint about matters beyond that time if she wishes, as I haven't considered them here.
- The complaint referred to this Service is about two main points: whether AXA should pay for H's professional input and whether AXA has acted fairly in relation to the extent of damage and repairs. I'll look at each point separately.

Should AXA pay for H's professional input?

- The policy says: *"we will cover you for architects, surveyors, legal and consulting engineers fees necessarily incurred with our written consent in the reinstatement or repair of the property insured as a result of its damage, but not for preparing any claim"*.
- So I think it's quite clear the policy covers the cost of appointing engineers and surveyors, subject to certain conditions. One condition is that these costs are only covered with AXA's written consent. As a result, I'm satisfied that means AXA has the contractual right to decide which costs to pay. The wording of the policy doesn't say or suggest Mrs F has that right.
- AXA accepts it's necessary to pay for the input of construction professionals with knowledge and experience of structural matters in this claim. It says it's appointed C accordingly, noting that the individual who initially considered the claim for C was a chartered structural engineer. Given this is a claim for subsidence, I'm satisfied that means AXA, through C, paid to have the claim considered by an appropriate professional – an engineer – and that means it fulfilled the policy terms noted above.
- The approach AXA has taken is very common amongst building insurers considering subsidence claims. So I don't think it's unusual or out of step with the wider market. And, in my view, it's fair and reasonable in principle for AXA to take this approach.
- It's clear Mrs F would like AXA to pay for H's professional input. H is also a chartered structural engineer, so they're also an appropriate professional. But AXA says it's not necessary, at least at this stage of the claim, to pay for H's professional input in addition to C's. I agree and I'll explain why.
- Within the scope of this complaint, the only professional input required was to assess whether it was likely at least some of the damage was caused by subsidence, what the likely cause of the subsidence is, and what the next steps are for dealing with it. I note both C and H took similar views on these points, and I haven't seen anything to suggest H challenged C's position on these points. As a result, I don't think it was necessary to pay for H's professional input in addition to C's.

- Mrs F has noted that AXA could have paid for H's professional input instead of C's. That's true, but it chose not to, and it has the right to make that choice under the policy. And I don't think that choice treated Mrs F unfairly, as it still meant an appropriate professional considered the matter – and did so in a similar way to H.
- Overall, within the scope of this complaint, I'm satisfied AXA acted fairly and reasonably in relation to this point.

Has AXA acted fairly in relation to the extent of damage and repairs?

- It's disappointing AXA didn't answer this point when responding to Mrs F's complaint. And I think C could have been clearer about the purpose of its initial schedule of repairs during the claim. But, overall, I'm satisfied the position AXA has reached is a fair and reasonable one. I'll explain why.
- The claim is still effectively in the very early stages. An inspection has taken place, but no further investigations have been carried out. That means no steps have been taken to assess and address the cause of the subsidence movement. And, as a result, it's possible damage has worsened since the beginning of the claim – and may continue to worsen. That's common during any subsidence claim, but particularly so the longer the movement continues. Because of that, a schedule of repair will rarely be finalised until the building has been stabilised and the full extent of damage can be assessed.
- AXA has said it won't finalise a schedule of repair until that time. And, to finalise a schedule, it will carry out a further inspection of the damage when the time comes. At that time, the full extent of damage will be considered. A judgement can then be made on its cause, whether it's covered by the policy, and the appropriate way to put it right if so. Until that time, I don't think it's beneficial to speculate about the schedule of repair or to scrutinise the initial draft schedule of repair C prepared.
- It would have been preferable if C had been clearer about the purpose of that initial draft and how it may be adapted later in the claim. That would have avoided Mrs F becoming concerned about it and given her clarity about what she could expect during the claim. So I think it was right AXA paid compensation.
- C initially said some of the damage wasn't caused by subsidence and wasn't covered by the policy. Mrs F disagrees with that. I won't make a finding about that in this decision because AXA has agreed this will be considered when the time comes. So the position could change when the schedule of repair is finalised. If a dispute remains after that, a new complaint can be made.
- Overall, within the scope of this complaint, I'm satisfied AXA acted fairly and reasonably in relation to this point.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 10 April 2025.

James Neville
Ombudsman