

The complaint

Mrs B complains about how AXA Insurance UK Plc ('AXA') dealt with a claim she made under her property owners buildings insurance policy.

AXA are the underwriters (insurers) of this policy. Much of Mrs B's dissatisfaction arose out the actions of agents acting on behalf of AXA. As they have accepted responsibility for the actions of their appointed agents, any reference to AXA in my decision should also be interpreted as covering the actions of their appointed agents.

What happened

The background to this complaint is well known to Mrs B and AXA. In my decision, I'll focus mainly on giving the reasons for reaching the outcome that I have.

In July 2021, a property owned by Mrs B suffered damage due to a flood. She made a claim against her insurance policy, which was accepted by AXA. In October 2023, AXA made a cash settlement offer, which Mrs B accepted.

Mrs B submitted invoices to AXA in February 2024, in relation to claiming back VAT. AXA have said the total of these invoices, inclusive of VAT, was below the cash settlement she'd been paid and therefore no VAT reimbursement would be made. Mrs B raised a complaint, AXA didn't uphold it and she referred it to our Service for an independent review.

Mrs B's main complaint points are:

- She considers AXA's offer to have been formed of a cash settlement of £135,000 (which she was paid) and reimbursement of VAT (around £27,000), in addition to the £135,000 cash settlement.
- She wasn't required to spend all or any of the settlement monies on refurbishment, within a particular timeframe and no time limits were placed on her reclaiming VAT.
- She believes AXA are introducing a new term, which means VAT isn't payable to her until her outlay reaches £135,000.

One of our Investigators considered the complaint and didn't recommend that it be upheld. As Mrs B didn't accept, the complaint has been referred to me for a final decision.

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.

This is set out under DISP 3.6.4: <https://www.handbook.fca.org.uk/handbook/DISP/3/6.html>

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a

discourtesy to either party – it simply reflects the informal nature of our Service.

The scope of my decision

As a claim settlement (cash settlement) was accepted and paid following Mrs B's claim under this contract of insurance, my decision will only consider AXA's actions from the point of claim settlement being accepted by Mrs B. I make this point as Mrs B has made references to other actions of AXA prior to this.

I note that in an email to our Service dated 9 October 2024, Mrs B has referred to additional problems with her property after she accepted the cash settlement. These issues won't be considered as part of this decision.

My key findings

Mrs B has placed heavy emphasis on the terms of her settlement. I also note that she queried the reimbursement of VAT around the time of accepting the cash settlement.

Overall, I find that AXA's actions are fair and reasonable and I don't seek to interfere with the settlement of this claim. I'll explain why below.

This contract of insurance was an indemnity policy. That is, it was intended to return Mrs B's position to as it was immediately prior to the loss event. It's not the intention of this policy that the policy holder should stand to benefit, beyond being indemnified for their loss.

The cash settlement will have been offered in good faith, based on works deemed necessary to return the property to its' pre loss state. If a scenario has arisen whereby AXA over estimated the cost of repairs needed or Mrs B was able to have the repairs carried out for less than planned, (although it goes against the principle of indemnity and the intention of the policy) - that's in Mrs B's favour. From what I've seen, the invoices Mrs B submitted for VAT reimbursement totalled under £120,000. This means she had around £15,000 of the cash settlement left to spend on returning her property to its' pre loss state.

Even if I consider Mrs B's comments dated 9 October 2024 that she has "*incurred additional costs of nearly £3000 as a result of damp in the electrical system, boiler failure, damp in the walls and electrical points and swollen doors..*", she's still been indemnified by the cash settlement she received.

Whilst I understand the points Mrs B is making, I won't be directing AXA to reimburse the VAT on the invoices Mrs B submitted as of February 2024. In an email to AXA at the end of January 2024, Mrs B said: "*...The reinstatement should be finished this week. We're finishing the last bits and snagging at the moment*". I'm satisfied that Mrs B has had her loss covered and the policy has responded as it was intended to. If Mrs B has since incurred repair/reinstatement costs that take her up to the cash settlement paid, she can speak to AXA about these.

My decision will naturally disappoint Mrs B, but it brings to an end our Service's involvement in trying to resolve her dispute with AXA. To be clear, I've decided what I consider to be fair and reasonable in all the circumstances of this complaint - but Mrs B retains all other dispute resolution options.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 30 December 2024.

Daniel O'Shea
Ombudsman