

The complaint

Mr G and Miss M complain that AXA Insurance UK Plc (“AXA”) has handled a claim they made under their building insurance policy unfairly and has caused avoidable delays.

What happened

Mr G and Miss M made a claim under their policy with AXA, in July 2023, following an escape of water from the flat above theirs. A loss adjuster was appointed to investigate and validate the claim. And a contractor subsequently attended to inspect the damage and provide a reinstatement quote.

Following a delay caused by the first contractor – which was unwilling to provide a full quote for the work required – a second contractor provided a quote for the full reinstatement of the property. This was sent to AXA’s loss adjuster.

The loss adjuster took issue with the difference in price between the full quote provided and the partial quote from the first contractor and inclusion of certain items that he said were uninsured works. There was a considerable amount of communication back and forth about the work. Mr G and Miss M struggled to receive meaningful updates and responses, and were unhappy about the significant delays. So they made a complaint.

In its response to the complaint, AXA agreed there had been unacceptable delays in its communication and in the progression of the claim. It offered Mr G and Miss M £225 in compensation for the distress and inconvenience caused.

Mr G and Miss M didn’t accept AXA’s offer. They said the way their claim had been handled had taken a huge toll on them, so they referred their complaint to this service. Our Investigator considered it, and thought AXA hadn’t fairly compensated Mr G and Miss M for its poor communication and the delays caused. So it was recommended that AXA increase the amount of compensation to £600 in total.

AXA accepted our Investigator’s recommendations but Mr G and Miss M didn’t agree. They said £600 was less than what they felt was reasonable, given the reinstatement works only commenced over a year after the leak occurred. Mr G and Miss M wanted an Ombudsman to review the matter, so their complaint has now come 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.

As this is an informal service, I’m not going to respond here to every point or piece of evidence Mr G, Miss M and AXA have provided. Instead, I’ve focused on those I consider to be key or central to the issue. But I would like to reassure all parties that I have considered everything submitted. And having done so, I’m upholding this complaint in line with our Investigator’s recommendations. I’ll explain why.

- The relevant regulator's rules say that an insurer must handle claims promptly and fairly, as well as provide appropriate information about progress. I'm satisfied that in this case AXA did not handle the claim as quickly as it could've and that it didn't provide appropriate updates to Mr G and Miss M regarding progress.
- I've looked carefully at the timeline of events to ascertain how long the matter was delayed by AXA. I should first point out that any delays caused by the instruction of the first contractor aren't relevant here, as I'm only looking into the actions of AXA and its appointed agents in this complaint. The first contractor wasn't appointed by AXA, so AXA isn't responsible for the delays caused by that contractor.
- Having considered Mr G and Miss M's timeline and the information provided by AXA, I can see that AXA caused a delay in particular around the discrepancy between the quotes and the disputes about the scope of work. Whilst I'm pleased to see that the dispute over the addition of the bathroom wall tiles was resolved when AXA agreed that these should form part of the scope, I do think AXA could've come to this decision much sooner. Mr G and Miss M have referred in their submissions to delays of 217 days. This amounts to around seven months of delays, much of which I believe was avoidable, for example, when Mr G and Miss M were contacting AXA or its agents and not receiving a response. So I'm persuaded that the claim journey was prolonged by AXA, for several months, unnecessarily and that Mr G and Miss M experienced distress and inconvenience as a result, for which they should be compensated.
- I can see from the evidence provided that there were numerous times when Mr G and Miss M had to chase AXA or its agents for a response, or an update on progress. For a considerable amount of time, they did not receive a meaningful response and I've no doubt this heightened their distress. They spent a significant amount of time chasing AXA and its agents by phone and by email – and whilst a building insurance claim will always bring with it some inconvenience and hassle, I consider what Mr G and Miss M went through to have been well in excess of what one might reasonably expect when dealing with a claim of this nature.
- Taking everything into account, including the delays and the poor communication, I consider a total award of £600 to be fair and reasonable in the circumstances of this complaint. An award of this amount reflects the significant impact of the various mistakes AXA made in its handling of this claim. And it also recognises that the delays and disruption continued to cause Mr G and Miss M distress and inconvenience for several months.

I know Mr G and Miss M will find this award disappointing. But ultimately, I agree with our Investigator that it's in line with what we'd award in similar cases. Mr G and Miss M have provided an example of a case study from our website, in which a higher amount of compensation (£1,000) was awarded. But the circumstances of that case are different. In that case, a substandard repair led to ongoing damage, the customer couldn't leave her home, and she could neither visit her grandchildren as a result of this, nor was it safe to have them visit her home.

So whilst it is not at all my intention to minimise the substantial impact this claim has had on Mr G and Miss M, and I empathise with them a great deal about the difficulties they've experienced, I don't find the circumstances of the two complaints to be so alike that a similar level of compensation would be warranted.

And overall, whilst Mr G and Miss M have had what they've referred to as the worst year of

their lives, I have to bear in mind that the disruption they've faced has not included having to go without essential facilities in their home, or living in dangerous or inhabitable conditions. So I think £600 overall is a fair and reasonable amount of compensation in this case.

Putting things right

AXA Insurance UK Plc should, subject to Mr G and Miss M accepting this final decision:

- Pay Mr G and Miss M £600 compensation in total for the distress and inconvenience caused in relation to this complaint. From this, it may deduct any compensation already paid for this complaint.

My final decision

My final decision is that I uphold this complaint and I direct AXA Insurance 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 G and Miss M to accept or reject my decision before 21 January 2025.

Ifrah Malik
Ombudsman