

The complaint

Mrs W complains about the amount AXA Insurance UK Plc paid to settle her buildings insurance claim.

AXA is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As AXA has accepted it is accountable for the actions of the agents, in my decision, any reference to AXA includes the actions of the agents.

What happened

Mrs W made a claim under her buildings insurance policy with AXA after her drainage pipework became blocked. When AXA spoke to Mrs W about the claim, she said repair work had already been carried out.

AXA accepted Mrs W's claim, but it wouldn't agree to cover the full costs charged by the drainage company who had carried out the repairs. It said it would only pay her the amount it would have cost AXA if its preferred suppliers had carried out the work.

Mrs W complained but AXA maintained its position. So, Mrs W asked our service to consider the matter.

Our investigator didn't think Mrs W's complaint should be upheld. He thought AXA had acted fairly and reasonably, in line with the terms of the policy.

Mrs W disagreed with our investigator's outcome. She said she couldn't be responsible for having industry knowledge in an emergency situation. She also didn't accept that AXA would have acted in a timely manner if it had been given the chance. So, 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 not to uphold Mrs W's complaint. I'll explain why.

The policy's terms and conditions provide information on how to make a claim. They advise the policyholder to call the claims team on the telephone number provided.

Mrs W says she phoned her broker following the initial investigations by the drainage company she'd contacted to investigate the blockage. She says the broker checked the terms and advised her she was covered for the repairs. She interpreted this as approval to proceed.

AXA says the broker didn't have the authority to deal with Mrs W's claim. It looks like the broker raised the claim with AXA on Mrs W's behalf. When AXA telephoned Mrs W for further information, she said the repairs had already been completed. I can't see anything to suggest that Mrs W raised her claim with AXA, or that it gave her permission to proceed with

repair works. So, I don't think AXA was given the opportunity to instruct its own suppliers before Mrs W arranged for the repairs to be carried out.

I appreciate AXA's first contact with Mrs W was a few weeks after she told her broker about her claim. But it looks like the broker raised the claim online. So, I'm not persuaded that this shows AXA wouldn't have dealt with the issue in a timely manner if Mrs W had telephoned it and advised it of the urgency of the situation.

The policy's terms and conditions set out how AXA will settle a claim. They say:

"Where we can offer repair or replacement through a preferred supplier, but we agree to pay you a cash or cash alternative settlement, then payment will not exceed the amount we would have paid the preferred supplier."

I can see that AXA's suppliers attended Mrs W's property to assess and validate the claim. They identified some issues with the repairs and advised Mrs W to call the contractors back to deal with these. Once this work was completed, AXA's suppliers reattended and carried out a second CCTV audit survey. AXA's suppliers concluded that they would have been able to complete the repairs for £9,314. So, AXA paid Mrs W a cash settlement for this amount, minus the £100 policy excess.

I appreciate the settlement AXA paid Mrs W was much lower than the amount she was charged by the contractors she instructed to carry out the work. But most insurers have established relationships with suppliers which mean that they can get repairs carried out for less than the market rate. AXA says it would have arranged for its suppliers to carry out the work if Mrs W had raised her claim with it earlier. Given what it says in the policy's terms and conditions, I think AXA's cash settlement was reasonable.

I know my answer will be disappointing for Mrs W, but I'm satisfied AXA has acted fairly and reasonably, in line with the policy's terms and conditions.

My final decision

For the reasons I've explained, I don't uphold Mrs W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 18 March 2025.

Anne Muscroft
Ombudsman