

The complaint

Mr and Mrs W complained that they didn't benefit under their home insurance policy with AXA Insurance UK Plc ("AXA") when they made a claim following a water leak.

What happened

Mr and Mrs W had a water leak. To minimise the damage to their property, they immediately commissioned a private plumber to find the leak. The plumber identified the leak to be coming from a water tank in the property.

To find the leak, Mr and Mrs W said the plumber had to remove shelving in the cupboard where the water tank was and then remove the tank itself to identify the cause. Mr and Mrs W said the plumber identified the tank was cracked, so on Mr and Mrs W's instruction, the plumber replaced the tank, so minimising the time the family were without hot water.

The plumber invoiced Mr and Mrs W for the work, so they raised a claim with AXA to try and recover some of the costs for finding the leak and for repairing it. Mr and Mrs W said there wasn't any further damage but did say they used dehumidifiers to dry the property for a few days after the leak.

AXA said the most it could pay under the claim was £250 which it said was the limit of the policy for repairing a leak. However, as it said the policy excess was £250, then it said it had nothing to pay. Mr and Mrs W are unhappy, as they feel AXA has ignored the policy limit for trace and access costs.

Our investigator decided not to uphold the complaint. He thought AXA has considered the claim fairly in line with the policy terms and conditions. Mr and Mrs W disagreed, so the case has been referred to an ombudsman.

My provisional decision

I made a provisional decision on this on 19 December 2024. I said:

"I've started by reviewing the policy to identify the policy terms and conditions which Mr and Mrs W feel haven't been properly applied when AXA considered their claim.

The policy on page 30, sets out the claim limits. It says, "the circumstances shown below are subject to the following limits...tracing and accessing leaks £10,000...repairing the cause of a leak £250".

AXA accepted the claim but hasn't paid Mr and Mrs W any money as the excess payment on the policy wiped out the benefit. I think it's right that AXA has stopped £250 of any payment, as the policy does have a £250 policy excess for each claim which is made.

However, I've considered whether it was correct for AXA to only pay the policy limit of £250 for the repair that was carried out.

The invoice from Mr and Mrs W's plumber set out the cost of the work was £1,800 for draining down the current tank, supplying a new tank and fitting it. On paper, the plumber hasn't specifically identified any costs for finding the leak, although it's possible draining the tank could be construed as part of this.

I've read Mr and Mrs W's detailed submissions. I've found them to be articulate, detailed and persuasive. I have no reason to doubt anything they've said. I've read through AXA's notes, and I haven't seen anything that makes me think AXA thinks Mr and Mrs W's testimony is unreliable. I've also considered that Mr and Mrs W's prompt actions have prevented much larger damage.

Mr and Mrs W come across as sensible and pragmatic people, so when they've raised this issue, I've taken it seriously.

So, I've thought about this, and I think AXA haven't fairly settled this claim. I'll explain why. The policy covers trace and access costs. But, AXA haven't paid any settlement towards this part of the policy. I appreciate the invoice that the plumber provided didn't specifically show these costs. However, the reality is the plumber was called out to identify the leak. So, some of the work carried out was for draining the tank down and removing it to inspect it further, to identify the exact cause before it could be repaired.

Therefore, I think it's reasonable some of the costs incurred were for trace and access, although this specific terminology wasn't used. I think Mr and Mrs W should've had this settled as part of the claim, so I intend to uphold this claim. As the amounts involved aren't large, I'm going to estimate these costs as being 10% of the invoice (so 10% of £1,800, being £180). So, I intend that AXA pays these trace and access costs. As Mr and Mrs W have been without this money, I intend that AXA adds 8% simple interest per annum from the time they paid the plumber, to the date the settlement is completed.

I do appreciate Mr and Mrs W said the pipework had to be re-routed, but I think this is part of the repair rather than part of the trace and access costs.

AXA has paid the £250 policy excess for the "repair" which in this case was for the replacement of the tank, so I won't ask it to do anymore here. Albeit Mr and Mrs W didn't see any benefit as this was cancelled out by having to pay a policy excess.

Given Mr W's vulnerable position, I think there was some additional distress that Mr W suffered when arguing his point of view during the claim, therefore, I intend to award £100 compensation for the distress and inconvenience caused".

Responses to my provisional decision

Neither party responded to my provisional 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.

Given neither party has provided any new information, I see no reason to change my provisional decision.

My final decision

My final decision is that I uphold this complaint. I require that AXA Insurance UK Plc pay Mr and Mrs W:

- £180 to complete settlement of the claim
- £100 compensation – for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W and Mr W to accept or reject my decision before 3 February 2025.

Pete Averill
Ombudsman