The complaint

Mr C and Ms G are unhappy with the way AXA Insurance UK Plc settled a claim they made under their buildings insurance policy.

Reference to AXA includes agents acting on its behalf.

What happened

Mr C and Ms G discovered a crack in their garage wall and made a claim under their buildings insurance policy with AXA. There were delays by AXA in taking action and it said it wouldn't pay above the policy limit for damage to outbuildings. Mr C and Ms G complained. AXA acknowledged the delays and paid compensation for the impact on them. But it maintained it would only pay for repairs up to the policy limit.

As Mr C and Ms G remained unhappy, they brought their complaint to this service. Our investigator didn't think AXA needed to pay any further compensation for distress and inconvenience. And explained why she thought it was fair for AXA to only pay up to a maximum of the policy limit, which was £20,000. But she thought AXA should pay 8% interest on that amount from 30 June 2023, which is when the work was initially set to be completed, up to the date the repairs start. She said this was to acknowledge the increased costs of the works due to the delays caused by AXA.

AXA accepted the recommendation. But it subsequently said it wouldn't be able to proceed with the repair works and it decided to settle the claim instead. It sent a cheque to Mr C and Ms G for £20,000 and another one for £2,986.59, which was for the 8% interest from 30 June 2023 to the date of settlement. Mr C and Ms G weren't happy with this and raised a second complaint. They wanted AXA to carry out the repairs and thought a fair outcome would be for it to meet the full costs of doing so. They added that if AXA had acted promptly, the repairs would have comfortably fitted within the limit of their policy.

Our investigator explained that they were only looking at the second complaint raised by Mr C and Ms G. And I should make it clear that I too am only considering their second complaint in this decision. That is, was it fair for AXA to settle the claim rather than carry out the works themselves? And was it fair for AXA to calculate the interest from 30 June 2023 up to the date of settlement rather than the date the works start? Our investigator thought AXA had acted fairly on both counts. But as Mr C and Ms G don't agree, their complaint has now been passed to me to make 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.

The terms of Mr C and Ms G's policy explain what happens if and when a claim is made. It says it might sometimes decide to settle a claim rather than repair the damage itself. Most home insurance policies will say something similar. And, in principle, I don't think it's unreasonable for an insurer to decide to settle a claim rather than arrange to repair the loss or damage itself.

I recognise Mr C and Ms G aren't happy with the service provided by AXA that led up to this second complaint. But that service was the subject of the previous complaint and it's not for me to consider the fairness or otherwise of those actions. In terms of this complaint, I don't think AXA has acted unreasonably in deciding to settle the claim. It says its contractors are unwilling to carry out repairs when there's a limit to the cover provided and further works are needed outside of the policy limit. The terms of Mr C and Ms G's policy allows AXA to settle a claim and I think there are reasonable grounds for them doing that in this instance.

Should AXA pay interest any further than the date of settlement? I don't think so. I recognise that our investigator recommended that AXA pay interest up until the repair works started. But once AXA decided to settle the claim, I think it was only fair that they paid interest up until the settlement was made. I don't think it would be fair to ask it to pay for something that it has no control over.

I'm sorry to hear about the problems Mr C and Ms G have had trying to repair their garage wall but having carefully considered the circumstances of this particular complaint, I don't think AXA has acted unfairly.

My final decision

For the reasons stated above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Ms G to accept or reject my decision before 19 August 2025.

Richard Walker
Ombudsman