

## **The complaint**

Mr B has complained about his home insurer, AXA Insurance UK Plc. He feels it let him down when he made a claim following a water leak, including that it should have moved him out of his home.

During the course of our Investigator considering this complaint, AXA answered another issue of concern Mr B had raised about the claim. It had settled his claim proportionately on account of the fact that Mr B had not disclosed how close he lived to a watercourse. AXA, in a final response letter, said it thought it had handled that issue fairly. Mr B confirmed to our Investigator that he was satisfied by AXA's response in that respect. As Mr B is not seeking to challenge AXA's position regarding the proportional nature of AXA's settlement, I won't consider that complaint point further.

## **What happened**

Mr B found that there'd been a leak in his property from a water filter within his fridge-freezer. Leaking water had damaged the area around the fridge-freezer, situated in the kitchen, as well as seeping through the kitchen floor, damaging the rooms below. Mr B made a claim to AXA on 12 June 2024. Mr B subsequently chased an update from AXA – it transpired its instruction to its drying contractor had failed; a contractor was then booked to attend on 20 June 2024. AXA advised Mr B, in the meantime, to not attempt to move items by himself, Mr B said it was ok, his adult children would assist him.

The drying contractor did attend and over the course of a few weeks the property was dried. In the meantime there was no carpet in the hallway to the bedrooms (situated on the floor below the kitchen), whilst carpet gripper rods remained in place. The fridge-freezer was slightly displaced and there was some temporary floor covering in a small area of the kitchen, as well as in the utility room situated on the floor below.

Mr B made a complaint to AXA. He said there'd been delays at the start and, as a result, he'd had to lift the carpet himself. He said it had been disruptive, noisy and uncomfortable living in the property with drying equipment in use and exposed carpet grippers. He said the flooring in the kitchen and utility presented a trip hazard.

AXA considered Mr B's complaint. It acknowledged a technical difficulty at the outset of the claim with appointing its contractor. It apologised and offered £100 compensation. Mr B remained unhappy and complained to the Financial Ombudsman Service.

Our Investigator felt AXA had advised Mr B adequately regarding lifting the carpet and that it hadn't been necessary for AXA to move Mr B out of his home. She accepted AXA had caused a delay at the outset, which it had acknowledged also, and was satisfied it had responded fairly in that respect.

Mr B said he was unhappy with that outcome. He emphasized how uncomfortable it had been living in the property with the drying equipment going. He said the displaced fridge-freezer had blocked cupboards and they hadn't been able to connect the water dispenser. The carpet grippers had caused a lot of worry, especially when a dog was

visiting. Mr B said the property may have been habitable for living, but it certainly hadn't been convenient – he hadn't been able to see friends or the grandchildren.

The complaint was referred to me for an Ombudsman's decision. Whilst reviewing the complaint I discovered that AXA had asked Mr B to get his own contractors to do the reinstatement works. But then AXA had insisted on settling with Mr B based on its own contractors' costs – not what Mr B had been charged. I put it to AXA that it had acted unfairly in this respect – out of line with a long-established approach of this Service. When AXA wouldn't accept that, I said it would have to pay the difference in cost, approximately £4,500, plus interest and £250 compensation to Mr B. AXA did not reply. Our Investigator updated Mr B and he was happy with that.

### **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.

I can see that it was difficult for Mr B, returning home from a break away, to find the damage to his home. I can appreciate how unexpected and disruptive this was. I also understand how Mr B expected that, once his insurer was notified of the loss, swift action would be taken to start restoring his home. It's certainly unfortunate that a technical difficulty with the claim instruction system arose which prevented AXA's contractor from receiving the request for assistance for Mr B.

I see that this caused a delay, but I am pleased to note that once AXA was aware of the problem, it acted swiftly to ensure a contractor attended. I can see that the necessary drying got underway and within a few weeks the property was ready for further reinstatement work to begin. I appreciate that this period of drying was disruptive and inconvenient for Mr B, it's certainly a shame that he felt unable to have visitors, even though the damage in the property was limited to a few rooms.

I have to bear in mind though that where a house needs reinstating following damage occurring, that is naturally going to come with a certain amount of upheaval and disruption. It isn't an insurer's job to guard against all of that. If Mr B's home had been made uninhabitable following the leak, then AXA would have needed to re-home him. If it had needed to do that, in the short term, that might well have been to a hotel or similar. It wouldn't necessarily have been able to find a home like Mr B's which he could move to for the period the home was likely to be uninhabitable for. But, in any event, Mr B's home was not uninhabitable – as he himself has said, rather than being uninhabitable, it was inconvenient to live there during the drying period. That inconvenience was, in this case, a natural result of Mr B having been unfortunate enough to have suffered a water leak at his home and the resultant need for that damage to be resolved. AXA does not have to compensate Mr B for that.

I'm satisfied that AXA has reasonably acknowledged that it failed Mr B at the start of this claim. I'm also satisfied that the £100 compensation and its apology are fair and reasonable recompense in the circumstances here.

However, none of that changes the fact of what I found whilst assessing this complaint. AXA, from the start set out to have Mr B instruct his own contractors for the reinstatement part of the work (after it had dried the property). It asked him to get quotes for that work, which he did. AXA then agreed that all of the work in those quotes was necessary. But it then re-priced the quotes setting out what it felt was a fair sum. But that was *absolutely not fair* to Mr B, because Mr B couldn't make his contractor do the work for the sum AXA felt was fair. If AXA wanted to pay only that sum to do the work, it should have done it itself.

This Service has long held that if an insurer instigates a situation where the policyholder must use their own contractor then the insurer can't rely on paying only what it would cost it to do the work. We also hold that if an insurer is offering to do work but a policyholder is thinking about using their own contractor, the insurer should be up front with them about how that will affect any settlement they might achieve – ie that if the policyholder chooses to use their own contractor, the policy will likely entitle the insurer to settle at what it would have cost it to do the work. Meaning the policyholder's chosen contractor might charge more than the insurer is obliged to pay under the policy.

Here it was AXA that told Mr B to get quotes because it "looks to settle all reinstatement work in cash". It did not give him a choice about using its own suppliers. It did not tell Mr B until he had received the quotes and was wanting to get on with the work that it wouldn't be covering the whole cost – and even when Mr B said he was unhappy with that, AXA did not then offer to appoint contractors to do the work itself. AXA failed Mr B in this respect, it acted unfairly and unreasonably and so I'm now directing it to put that matter right.

The exact difference between what Mr B paid and what AXA said it would cost it was £4,571.11. As I noted above AXA's initial settlement was made on a proportionate basis, with Mr B having accepted that proportionate approach was fair. I've taken note of that when deciding this additional settlement. I'm satisfied that AXA should pay Mr B an additional £4,400 plus interest.

I also accept that Mr B was caused distress and inconvenience because of AXA's unfair settlement. He was clearly frustrated with AXA and felt he had no choice but to accept its settlement. He then had to complete works whilst managing a not insignificant shortfall. I'm satisfied that AXA should pay him £250 compensation.

### **Putting things right**

I require AXA to:

- Pay £4,400 to Mr B, being the difference between AXA's cost and what he paid to have the work done, with an allowance made for proportionality. Plus interest\* applied from 17 September 2024, the date the initial cash settlement was paid by AXA, until this settlement is made.
- Pay £250 compensation for upset caused.

\*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require AXA to take off tax from this interest. If asked, it must give Mr B a certificate showing how much tax it's taken off.

### **My final decision**

I uphold this complaint. I require AXA Insurance UK Plc to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 1 April 2025.

Fiona Robinson  
**Ombudsman**