

The complaint

Mrs M is unhappy with the service provided by AXA Insurance UK Plc (AXA) following a claim made on her home insurance policy.

AXA is the underwriter of this policy. Part of this complaint concerns the actions of third parties instructed on the claim. AXA has accepted it is accountable for the actions of third parties instructed by it. In my decision, any reference to AXA includes the actions of any third party instructed by AXA during the course of Mrs M's claim.

What happened

The background to Mrs M's claim is well-known to both parties. So I haven't repeated it in detail here. To summarise Mrs M contacted AXA following an escape of water in her home. Mrs M's previous complaint about AXA's poor handling of her claim has already been dealt with under a final decision issued by this Service on 28 February 2025. That decision confirmed that it had dealt only with matters raised and responded to by way of three final responses, the last dated 18 July 2024.

Following these final response letters, Mrs M says AXA's claim handling has continued to be poor. Specifically, Mrs M says she spoke to an AXA claim handler about alternative accommodation costs, but AXA is refusing to honour what was agreed.

Mrs M says she told AXA that a friend of a friend (A) was due to go on holiday and her home would be empty and available for Mrs M and her family to stay in. Mrs M says she was told she could go ahead with this arrangement and the costs would be covered. Mrs M says she discussed the cost at £120 a day for several weeks in July and August 2024.

Mrs M stayed with A and contacted AXA to reclaim the costs discussed. AXA said it couldn't locate any calls with the claim handler responsible for managing Mrs M's claim. AXA asked Mrs M to provide supporting evidence of her stay with A. Mrs M provided the postal address and email address for A.

AXA said it would need further evidence such as the contract, or agreement in writing, or any invoices to show payment, before paying her claim. Based on the evidence it had been provided with, AXA said it would pay Mrs M disturbance allowance at a cost of £30 a day to reflect any additional expenditure Mrs M had incurred in staying in A's home.

Mrs M complained about AXA's continued poor service on her claim, and its decision to only offer disturbance allowance. AXA accepted that its service had been poor and offered Mrs M £725 in recognition of its poor service, and the impact on Mrs M. AXA also explained its offer to pay disturbance allowance at £30 a day is fair, and it wouldn't be paying anything more.

Mrs M was unhappy with this decision, and brought her complaint to this Service for investigation. The Investigator agreed with AXA's decision in respect of the disturbance allowance. The Investigator recommended AXA pay Mrs M an additional £75 compensation for the lack of progress of Mrs M's claim, and service failings throughout the process.

AXA didn't accept the Investigator's findings, saying as the increase was nominal, it considered its offer of £725 was reasonable, and in line with our approach. Mrs M also didn't accept the Investigator's findings, saying AXA should pay the alternative accommodation allowance agreed. As the complaint couldn't be resolved it's been passed to me for 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.

I'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that has happened or been argued is set out above, I've read and considered everything that has been provided.

Payment of alternative accommodation claim

The crux of Mrs M's complaint concerns AXA's decision to pay disturbance allowance instead of her alternative accommodation costs. When we investigate a complaint about an insurer's decision on a claim, our role is to consider whether the insurer handled the claim in a fair and reasonable manner. I've considered the evidence to determine whether AXA has acted fairly and reasonably in reaching its decision on alternative accommodation for Mrs M's claim.

I recognise Mrs M's strength in feeling about her complaint, and what AXA should do to put things right. But I'm satisfied AXA's offer is fair and reasonable, and in line with what this Service would direct in the circumstances. I'll explain why.

There isn't any evidence to conclusively say what was agreed with Mrs M in respect of alternative accommodation costs. Mrs M feels strongly that AXA should pay £120 a day as this is what she was told would be paid. But I don't think it would be reasonable to ask AXA to pay these costs based solely on what Mrs M was told verbally. I say this because it would be reasonable for AXA to ask for evidence to support an alternative accommodation claim, as part of its validation checks, and before paying for these costs.

It's not disputed that AXA should've done more to make its request for supporting evidence clearer, and in good time. Instead AXA asked for different evidence at different times, elongating the process, and making it more difficult for Mrs M to understand exactly what AXA needed. The compensation awarded for AXA's poor claim handling reasonably reflects the impact on Mrs M for this poor service.

But in respect of what AXA should pay for Mrs M's claim, this should represent the reasonable additional costs incurred by Mrs M as a result of having to claim on her policy. We'd expect an insurer to critically consider any evidence for costs claimed by a policyholder. Here, AXA said that Mrs M's email confirming the name and address of A wasn't enough to support a decision to pay for the alternative accommodation costs claimed.

Mrs M says the host she was staying with was a friend of a friend- so not directly known to her. I recognise Mrs M's position. But equally, I'm not persuaded Mrs M has provided sufficient evidence to support her claim. So I think it's fair that AXA has instead based its offer on any likely additional expenses Mrs M has incurred.

We'd only expect an insurer to pay for any reasonable costs above and beyond what a consumer has had to pay because of having to make a claim, and not being in their own home. I can't see that Mrs M has provided any evidence showing additional costs incurred. I accept that's it's not always practical to keep receipts and invoices to support day to day

expenses. Broadly speaking, we'd consider the offer by an insurer to see whether it's in keeping with the policyholder's circumstances and our approach.

Based on the evidence I've seen; I'm satisfied AXA's offer to pay disturbance allowance at a rate of £30 a day is both fair and reasonable. This amount is broadly in line with what we'd expect, but also reflects the lack of other evidence showing expenses incurred by Mrs M. So, for the reasons explained, I won't be directing AXA to pay anything more.

Claim handling

AXA accept that its service has been poor. The dispute now relates to what AXA needs to do to put things right in settlement of Mrs M's complaint. My decision has considered the impact on Mrs M over the period from the date of the final response letter issued in July 2024 up until the date of the final response letter issued in October 2024.

As the business responsible for managing the claim, and having also been aware of earlier delays on the claim, AXA should've done more to support Mrs M in completing the repairs to her home in good time. It could've achieved this by taking a more pro-active approach in managing Mrs M's claim, and ensuring timely progression of it, on issues such as the drying of Mrs M's property. AXA's failure to do this meant that there were avoidable delays on the claim, which Mrs M should be awarded compensation for.

It's not disputed that a claim of this type, involving a large scope and costs, can be subject to delays because of the level of scrutiny required to ensure decisions are in line with the policy terms. But as AXA was responsible for managing the claim, it should've done more to support Mrs M by providing regular and meaningful updates, and progressing the claim in a timely way. AXA's failure to do this meant that there were parts of the claim which were not efficiently progressed, and Mrs M was left chasing for updates.

In respect of the alternative accommodation aspect in particular, there's insufficient evidence to say exactly what Mrs M was told about AXA's commitment in paying Mrs M £120 a day. But even after AXA had been made aware of Mrs M's claim for this amount, there were avoidable delays in contacting Mrs M and clearly setting out what requirements would need to be met.

The Investigator recommended AXA increase the compensation amount by £75. But I won't be asking AXA to do this. I know that Mrs M will be disappointed with this decision, having already received a recommendation from the Investigator that this part of her complaint should be upheld.

However, both parties are entitled to appeal to an Ombudsman - the final stage in our process - and it is my role to review the matter afresh and make my own decision as to the appropriate outcome. It is only an Ombudsman's decision that is binding. Having received this complaint, I am required to determine it by reference to what is, in my opinion, fair and reasonable in all the circumstances of the case. And having considered everything carefully, I have determined that additional compensation is not warranted.

Both AXA and Mrs M rejected the Investigator's findings. Mrs M has provided her reasons for rejecting the Investigator's findings, which I've carefully considered, and I also note are largely unrelated to the compensation offered.

When thinking about the impact on Mrs M because of AXA's poor service, I think payment of £725 is fair compensation in recognition of what has happened, the period of delay, and the impact on Mrs M. This recognises the impact on Mrs M because of what went wrong with the handling of the claim. But also takes into consideration AXA's overall decision in paying

disturbance allowance, which I've agreed is reasonable. I'm satisfied £725 compensation is fair and in line with our approach, and so won't be directing AXA to pay anything more.

Additional complaints

Mrs M has referred to on-going issues with her claim, and has provided a summary of the issues experienced from October 2024 to date.

When dealing with a complaint about an insurance claim that remains open and on-going at the time of being referred to this service, we generally limit the scope of our decision making to issues which a business has had the opportunity to answer first. With this in mind, if Mrs M feels that there are issues with the way her claim has been handled since AXA issued its final response letter in October 2024, Mrs M should raise these with AXA at first instance.

My final decision

For the reasons provided I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 25 April 2025.

Neeta Karelia
Ombudsman