

The complaint

Mrs and Mr H complain AXA Insurance UK Plc (“AXA”) unfairly declined their claim on their property insurance policy following an escape of water. They say AXA has applied the terms of the policy incorrectly.

All references to AXA include its agents.

What happened

Mrs and Mr H took out a property insurance policy in April 2023. Around October 2023, they registered a claim with AXA after their water company informed them they had a leak from their pipe. The pipe ran under their property from the stop tap outside their boundary wall to the tap under their sink on the back wall of their property.

Mrs and Mr H arranged for a plumber to visit their property and repair the leak. At AXA’s request, around January 2024, the plumber sent it an email explaining the leak had come from under the property somewhere and would have been caused by wear and tear as it was an old pipe.

Based on the information the plumber had provided, AXA declined Mrs and Mr H’s claim as it said the policy didn’t cover damage caused by wear and tear. Mrs and Mr H didn’t accept what AXA had said as they didn’t think the exclusion relating to wear and tear applied in the circumstances. In particular, they said some of the money they paid the plumber – around £1,000 – was to trace and access the leak and this shouldn’t be subject to the wear and tear exclusion. As things weren’t resolved, they raised a complaint.

In its final response letter, AXA didn’t change its claim decision. It said damage caused by wear and tear isn’t covered as it’s a general exclusion under the policy terms.

Unhappy with AXA’s response, Mrs and Mr H asked our service to look into things. Our Investigator didn’t uphold the complaint as she thought AXA had applied the exclusion fairly. She also thought Mrs and Mr H’s claim for trace and access shouldn’t be covered. As Mrs and Mr H didn’t agree with our Investigator’s opinion, the complaint was passed to me to decide. I asked AXA for more information about the terms of the policy before reaching a provisional decision. AXA explained cover is only provided for underground pipes under the accidental damage section of the policy.

My provisional findings

I issued a provisional decision on this complaint in April 2025. I thought Mrs and Mr H’s complaint should be upheld in part and AXA should cover the cost they’d incurred for tracing, accessing and repairing the leak in line with the policy terms. I said in summary:

- I didn’t think Mrs and Mr H were claiming for an insured loss as there was no water damage to their property and they just needed to stop the leak and repair the pipe.

- I didn't think the term relating to trace and access was linked to, or dependant on, a successful claim for damage caused as a result of an escape of water. Instead, I thought the trace and access cover was only conditional on their being an escape of water, a leak, which there was.
- The policy says damage caused by wear and tear isn't covered. As there was no damage to Mrs and Mr H's property, I didn't think it would be fair to apply the wear and tear exclusion to their claim for trace and access.

I thought, if an excess was payable under the policy terms, it's fair for AXA to deduct this amount from the amount paid.

I asked both parties to make any further comments before I reached a final decision. Mrs and Mr H said in summary that they accepted my provisional decision but they questioned whether the excess would be taken off the amount AXA owes. They said they thought it should be waived considering the time they'd spent on the matter. AXA said it had nothing further to add in response to my decision. But it confirmed the excess of £250 would be payable for this type of claim.

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've thought about Mrs and Mr H's comment about the excess payment. And whilst I accept, after everything that's happened, why they might feel it's fair for AXA to waive the excess charge, I don't agree. I say this because it's my role to put Mrs and Mr H in the position they would've been in as far as possible if nothing had gone wrong. Mrs and Mr H would've always needed to pay the excess under the terms to claim on the policy. So if I directed AXA to waive it, I would be putting them in a better position than they otherwise would've been in – and that wouldn't be fair to both sides. So, based on everything else I've seen in this case and the comments made, I see no reason to change the outcome I reached in my provisional decision.

Putting things right

Mrs and Mr H have provided an invoice from their plumber showing the cost of tracing, accessing and repairing the leak. They've said around £1,000 went towards tracing the leak and the remaining £650 went towards repairing the pipe. I note, under the policy terms, the most AXA will pay towards *repair* is £250.

I direct AXA to cover Mrs and Mr H's trace and access claim subject to the remaining terms of the policy, based on the invoice they've provided from their plumber. That means it'll pay around £1,000 towards tracing the leak and the policy limit of £250 for repairing the pipe. AXA can deduct the excess due under the policy terms from the amount paid.

AXA should add 8% interest to the settlement from the date Mrs and Mr H made the payment to their plumber to the date of settlement. If AXA considers that it's required by HM Revenue & Customs to take off income tax from the interest, it should tell Mrs and Mr H how much it's taken off and give them a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs.

My final decision

For the reasons given, I uphold Mrs and Mr H's complaint and direct AXA Insurance UK Plc to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 29 May 2025.

Nadya Neve
Ombudsman