

The complaint

Ms F and Ms G complain about how AXA Insurance UK Plc handled and settled a claim they made on their buildings insurance policy.

Reference to AXA includes its agents.

While both Ms F and Ms G brought the complaint as joint policyholders, because Ms G has done most the communicating with us, for ease of reading, I'll be referring to her only throughout the decision.

What happened

Ms G has a commercial property insurance policy with AXA. When one of her properties was driven into by a car she made a claim for the damage caused.

AXA accepted the claim and arranged for repairs.

Ms G complains about the time taken to complete those repairs, with the accident and claim made in February and the repairs not completed until October the same year.

She said during that time, she's been unable to rent the property out and so thinks AXA should pay her loss of rent – something she thinks is covered by her policy with it.

AXA didn't think it had unreasonably delayed Ms G's claim. It acknowledged the claim had taken longer than expected to be completed, but didn't think any of this was avoidable, or caused by anything it did (or didn't) do.

AXA accepted the property was uninhabitable and agreed to pay one month's loss of rent payment. It said it didn't need to pay more because the rental agreements in place at the property had no minimum term and were terminable with a month's notice by the parties involved. It said therefore that Ms G's claim was speculative in nature and not an evidenced loss.

Ms G didn't think this was fair. She said the agreements were common in the location the property was let. And that she had other properties in the area that either had one tenant in, or had multiple tenants but no gaps in between, so were always occupied. She pointed out that the annex of the property claimed for her, was constantly let out during the repairs. She also explained that the property was let out again as soon as the repairs were completed.

AXA said none of this changed its stance. It said none of this was evidence of an actual loss.

Our Investigator thought Ms G's complaint should be upheld.

They agreed with AXA in that there were no unreasonable delays in the claim. But she thought it was fair and reasonable for it to be paying Ms G's loss of rent claim. She thought what Ms G had provided was proof enough that she'd suffered a loss.

AXA disagreed and asked for an Ombudsman's 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.

Having done so, I'm upholding it.

I'm not going to dwell on delays in the claim. That doesn't seem to really be the centre of the dispute here. From what I've seen though, I agree there were no avoidable delays caused by AXA.

But I do think AXA should be paying Ms G's loss of rent claim.

AXA has accepted the property was uninhabitable until repairs were completed.

It's also accepted there was a loss of rent – because it's agreed to pay the equivalent of one month's lost rent.

It's logic for not paying more than this is that the contracts involved have no minimum term and are terminable with a month's notice from any party involved. It's said this means there was no guarantee the property would be let out for the entire period of repairs, had they not needed to take place. It thinks the claim is speculative in nature.

I take AXA's point here and agree that it's bound by the terms of the policy to pay for an actual loss not a speculative one.

I think it's reasonable for AXA to have asked for evidence of the loss. But what I don't think is reasonable is the conclusion it's drawn from that evidence.

Strictly speaking, yes, there's no concrete evidence the tenants in the property would have stayed in the property had the accident not happened. AXA is right in that there's no contractual obligation on the tenants to do so. Nor is there concrete evidence that new tenants would have come in, had the existing ones left.

But considering Ms G has provided evidence to show the property was let out before the accident and immediately after repairs were completed, I think that shows it likely would have been occupied throughout the repairs. Yes, it doesn't prove that beyond doubt, but it does, I'm satisfied, support that it's more likely than not that it would have been the case.

Similarly, I'm persuaded that Ms G's evidence showing that other properties she owns within the vicinity, including the annex of this property, remained let out throughout the period of repairs also supports that this property would have been occupied and generating income in the form of rental payments throughout the claim and repair process.

I fully appreciate that the evidence provided does not prove, beyond reasonable doubt that Ms G has lost income. But the burden we place on insurers is not one of beyond reasonable doubt, it is one of balance of probabilities. I feel it fair and reasonable to apply the same burden to Ms G here.

As the above explains, I'm satisfied it's a burden she's satisfied. And therefore, I think the fair and reasonable outcome is for AXA to pay Ms G's loss of rent claim.

Putting things right

As explained above, to put things right AXA should pay Ms G's loss of rent claim. I can see

it's paid one month already, so it should pay for another eight months. Ms G has evidenced that amount as £2,650 per month. So that is the amount it should pay.

AXA should add interest to that payment at a rate of 8% simple per annum, from the date it paid the initial one-month payment, to the date it makes this payment to her.

My final decision

For the reasons set out above, I uphold this complaint. To put things right AXA needs to take the action set out in the "Putting things right" section outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F and Ms G to accept or reject my decision before 12 August 2025.

Joe Thornley
Ombudsman