

## **The complaint**

Mrs and Mr P complain that AXA Insurance UK Plc has unfairly handled a claim made on their buildings insurance.

Mrs and Mr P feel the settlement amount offered for works needed following an escape of water claim is unfair. They feel all of the work completed and costs claimed, are because of the escape of water damage and they have provided everything to AXA in a timely manner.

They feel the communication and claim handling has been poor overall and the loss adjuster failed to work with them to consider the damage at different stages. They also feel they are covered for loss of rent under the policy and this should be included with the settlement.

## **What happened**

Mrs and Mr P own a property within a block of flats where AXA provides the insurance for the block. Mrs and Mr P rent the flat out and in June 2024, noticed the edge of the walls in the bathroom were wet and it looked like water was entering from the ground.

AXA's records show, notification of the claim was received on 24 June 2024. Although Mrs and Mr P say this was raised with it around 12 June 2024.

Mrs and Mr P used their own builder to complete the works and provided the invoices for work completed to the appointed loss adjuster. In total, Mrs and Mr P claimed for just over £20,500 worth of works. This included a new heating system for the house as they said the escape of water damaged the existing underfloor heating beyond repair and work was needed to the outside render of the property.

In late October 2024, AXA's appointed loss adjuster contacted Mrs and Mr P to confirm the offer it was willing to make to settle the claim. They said items had been removed from the claim as they didn't think it had been demonstrated the work completed was needed. And there was no loss of rent cover with the policy, so the three months claimed for loss of rent could not be covered. In total, AXA offered £5,195.98 less the policy excess of £750 to settle the claim.

Mrs and Mr P complained about this offer and felt AXA and its appointed loss adjuster was looking to reduce the claim value for its own benefit and it was unfairly refusing to cover damage which was the result of the escape of water. AXA said the claim was reviewed again but it maintained the offer was fair and in line with the policy terms and cover available.

Our investigator looked at this complaint and didn't think AXA needed to do anything else. They didn't think it had been demonstrated that there was any delay with the progress of the claim. They felt AXA had fairly settled the claim in line with the policy wording and cover in place. Our investigator didn't think Mrs and Mr P had demonstrated all the damage claimed for was the result of the escape of water and AXA had acted fairly when only providing cover for the items it did. The investigator also said the policy Mrs and Mr P had the benefit of, does not provide cover for loss of rent and AXA was acting fairly when not providing this.

Mrs and Mr P disagreed with the outcome. They said the policy documents show loss of rent is included and this should be covered. The underfloor heating system was damaged beyond repair because of the escape of water and the new heating system put in to replace this should be covered. Internal and external walls were damaged with water ingress and required works to put things right as well as the installation of dehumidifiers.

Our investigator said the policy schedule which sets out the cover in place, showed there was no loss of rent cover. The general policy terms and conditions set out the conditions applicable if this cover was provided. However, as it is not, they didn't think AXA had acted unfairly when not reimbursing Mrs and Mr P for their lost rent. Overall, they were not persuaded that all the work claimed for was required because of the escape of water and they felt AXA's offer to settle the claim was fair.

### **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 decided not to uphold this complaint, for much the same reasons as our investigator. I know Mrs and Mr P will be disappointed by this, but I'll explain why, based on the information provided to AXA, I think it has acted fairly with this claim.

It is important to note that ahead of AXA being notified of this claim, Mrs and Mr P were working with the managing agent of the property and concerns have been raised with it about the actions taken. This is not something under consideration with this complaint. I've focused on the actions of AXA and whether it has acted fairly, once notified of the claim and I will not be commenting on the managing agent and its actions.

When AXA was notified of the claim, it appointed its loss adjuster to consider the damage claimed for. At this point, I am satisfied work had already commenced on the property with some of the receipts provided by Mrs and Mr P showing purchase dates prior to AXA being notified of the escape of water claim.

With work having already started, the loss adjuster has relied on the information and photos provided by Mrs and Mr P to demonstrate the damage and work needed as well as the visit to the property. They've also needed to rely on the opinion of the contractors Mrs and Mr P employed.

I understand the concerns Mrs and Mr P have about the cash settlement offer, with this being somewhat short of the costs they've claimed for. There is no dispute with AXA, that damage has occurred as the result of escape of water, but it is the level of damage claimed for which is disputed.

When a claim is made, the claimant needs to demonstrate the damage claimed for is because of an insured event. Based on what I've seen from Mrs and Mr P, I don't think AXA has acted unfairly when it has said it is not persuaded all the damage is the result of the escape of water. Nor do I think it has been unreasonable when declining the cover for loss of rent.

### ***Loss of rent***

Starting with the loss of rent, Mrs and Mr P have pointed to the policy terms and conditions which do talk about loss of rent cover. However, these are the general terms and conditions for the policy and detail all of the cover available if taken out. The policy schedule, provided to Mrs and Mr P by our investigator shows, there is no cover in place within the policy they

benefit from for loss of rent. So, while this is something AXA can provide, it is not part of the cover in place here. It follows that, AXA has acted fairly when refusing to provide cover for the loss of rent.

#### *Damage and items claimed for*

The loss adjusters offer set out in some detail, why it was agreeing to some of the costs claimed, but not all. The emails between Mrs and Mr P and the loss adjuster show, after the initial visit, they were informed that only work needed because of the escape of water will be covered. The loss adjuster set out concerns about work having already been started ahead of their visit and what could be expected to be covered and why.

One of the areas contested is the need to replace the heating system. There was no engineer report provided to confirm the underfloor heating system was damaged because of the escape of water. The loss adjuster said without this, they cannot confirm it was damaged because of this. I don't think this is an unreasonable position to take. The opinion provided has not been given by an expert and with the underfloor heating system having been removed before the claim was raised, AXA can only rely on the opinion provided. The local contractor who provided an opinion on this and work completed, only said the heating system wasn't working. But with no clarity on the reasons why, it would not be fair to expect AXA to cover the replacement cost.

The labour costs claimed for also included work to areas of the property which the loss adjuster didn't think had been shown to be damaged by the escape of water. The costs claimed included labour for the refitting of the kitchen and painting in this room. I don't think AXA has been unfair when saying this isn't something covered under the policy.

The loss adjuster also said, the external work would be a maintenance issue for the freeholder of the property. As with some of the other evidence provided, the information on the cause of the damage to the external render is limited. I agree this is something which could be a maintenance issue and I don't think AXA has acted unfairly when it said this cannot be covered.

AXA and its loss adjuster has questioned why, when the escape of water damage was repaired, that the entire bathroom suite needed to be replaced. It would agree the cost of removing and reinstating the suite and I think this is a reasonable approach to take. The escape of water was not said to be caused by a faulty appliance in the bathroom and without this, I don't think AXA and its loss adjusters decision to only cover the costs it would have covered is unfair.

Overall, I've not seen anything to show that AXA has unreasonably declined the claim made by Mrs and Mr P. The works having started before AXA were notified of the claim meant the initial inspection and trace and access couldn't be completed by it. The information provided by Mrs and Mr P demonstrates there has been damage caused as a result of an escape of water. However, I don't think they have acted unreasonably when not covering all of the costs claimed for.

I've not seen anything to show the claim handling itself was poor or with delay. The communication between the loss adjuster and Mrs and Mr P was frequent and the questions asked were relevant to the damage being claimed and to validate the costs.

Mrs and Mr P have highlighted a number of things they think AXA has been in breach of, but I don't agree there has been a failing here.

The offer to settle the claim was made within four months of the claim being made and this is

a reasonable time frame. As I've said, there was regular communication between this point and while Mrs and Mr P do not agree with the settlement offer made, I don't think it has acted unfairly when reaching the offer it has. This is based on the policy wording and the cover in place. I accept separate complaints have been made about the sale of the policy and its suitability, but this is not the focus of this complaint or responsibility of AXA.

I appreciate Mrs and Mr P have highlighted the strain this claim and the value placed on it, has caused them. When something goes wrong and a claim is needed, there will always be a level of distress and inconvenience and I understand this is heightened when there is a disagreement over what is needed to put things right. However, I don't think AXA has acted unfairly when making the offer it has and for the reasons I've explained above, I don't think it needs to do anything else.

### **My final decision**

For the reasons I've explained above, I am not upholding Mrs and Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 30 September 2025.

Thomas Brissenden  
**Ombudsman**