

The complaint

Mr H and Miss H said they'd been paying for a home insurance policy with AXA Insurance UK Plc ("AXA") that didn't meet the description it was sold as, and they think their policy was unfairly cancelled without sufficient notice being given.

What happened

Mr H and Miss H don't feel they have been treated fairly. AXA decided to not offer a renewal of their policy after it became aware of an increased level of flood risk at their property. Mr H and Miss H are aggrieved as they don't feel this was adequately communicated with them. They'd also received assurances from AXA that previously discussed issues (about flooding) wouldn't impact their policy.

Although, Mr H and Miss H had a policy that protected them against flooding, AXA will no longer provide them this cover. So, Mr H and Miss H think this is unfair.

AXA decided not to renew the policy as it was aware of an increased flood risk at the property, but it did acknowledge delays by its underwriting team, so it offered £50 in compensation for the distress caused.

Our investigator decided to uphold the complaint. He didn't think AXA was unfair in not offering a policy renewal as it became aware of new information regarding the risk of offering cover. However, he thought AXA should've made Mr H and Miss H aware of the future impact on his policy at the time the information was made available. So, he increased the compensation by £200 to £250 for the distress and inconvenience caused. Mr H and Miss H disagreed, so the case has been referred to an ombudsman.

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.

AXA explained the policy was originally sold on a non-advised basis and explained in its sales journey it asked Mr H and Miss H whether the property had been flooded in the last 10 years. Along with this information and all the other information collected, AXA provided Mr H and Miss H with a policy for a set premium, including flood cover.

However, I can see Mr H and Miss H had communications with AXA during the year, which didn't amount to a claim, but did provide AXA with additional information as to the risk of providing cover for the risk address.

When considering offering a renewal, AXA decided not to offer cover for flooding. Based on the new information it had become aware of during the year, AXA decided that providing cover for this eventuality provided too much risk for them to cover. In other words, it thought the likelihood of future flooding was high and so it didn't want to take the commercial risk of receiving a premium for the policy but having a high risk of paying out a potential liability for damage due to flooding.

It is an insurer's decision on what risk they are willing to take on when providing cover. Provided they treat all customers the same, then our service doesn't think it is unreasonable an insurer doesn't provide cover. In this case, AXA has provided sufficient justification to show why it chose not to offer cover. There is no evidence to suggest it has treated Mr H and Miss H any differently to any other customer in the same situation.

However, now knowing more information about the flood risk at the property, AXA has decided not to offer a policy renewal.

I can understand however, why Mr H and Miss H feel aggrieved. From their conversations with AXA earlier in the year, they feel AXA have acted differently to how they said they would. AXA has intimated that the conversations wouldn't have any impact on their policy. Mr H and Miss H interpreted this for their future policy also. I can understand this. I think AXA has provided some false expectation.

I can see there were some delays in providing the information to Mr H and Miss H so they could understand why their policy hadn't been renewed. Therefore, for the distress this has caused and the loss of expectation, I uphold this complaint and increase the level of compensation to £250 (from the £50 offered).

However, I don't think it's fair to expect AXA to automatically provide cover for flood risk for a relatively low premium, when the risk of pay out in the future is so high and would be of great cost to them. Insurers like all businesses are allowed to make their own commercial decisions.

I can see AXA did try and help provide Mr H and Miss H with alternative cover excluding flood cover. This is what I would've expected it to do. I've also considered Mr H and Miss H comments about AXA's coercive behaviour. I haven't seen evidence of this, I think AXA have been fair and have just tried to find solutions to ensure Mr H and Miss H have continued to have cover, or return their money if they didn't want cover.

Mr H and Miss H said the policy sold to them wasn't suitable or as described. AXA provided a policy to Mr H and Miss H on a non-advised basis, using the information that was provided to it. As the policy was sold on a non-advised basis, it would be the responsibility of Mr H and Miss H to ensure the policy was suitable for them. Mr H and Miss H are responsible for ensuring the information provided to AXA was correct. If they were unsure on any aspect, they could've asked AXA on how they could check it or for guidance on how to find out the right information.

My final decision

My final decision is that I uphold this complaint. I require AXA Insurance UK Plc to:

- Pay £200 compensation – for distress and inconvenience (AXA should also pay the original £50 offered if it hasn't already).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Miss H to accept or reject my decision before 19 August 2025.

Pete Averill
Ombudsman