DRN-5736713

The complaint

Mr R complained about the response he got from AXA Insurance UK Plc when he asked about the cover he had under his buildings insurance policy.

What happened

I issued a provisional decision on this matter earlier this month, part of which is copied below:

"Mr R had a buildings insurance policy with AXA. In June 2024 he called AXA to ask if his policy covered him for damage to underground pipes and sewers within the boundaries of his property. AXA said he was covered for things like an escape of water. But if the leak was caused by a blockage, he wasn't currently covered as he didn't have accidental damage included in his policy. About two weeks later, Mr R called AXA again to say he'd discovered a leak. It hadn't caused any damage to his property but he had a water meter and it was impacting the amount of water he was using. AXA said he wouldn't be covered by this type of leak as he didn't have accidental damage included in his buildings insurance policy.

Mr R complained. He said the call handler he'd spoken to reassured him he had cover under his policy and he'd paid for a company to start track and tracing the leak. He'd had to abandon it when AXA told him he wasn't covered, but he'd been left out of pocket and with incomplete track and trace works.

AXA said Mr R's policy only covered him for damage caused by a leak and if there was no damage, he wasn't covered. It said he would only have been covered if he had accidental damage cover. It accepted it might have caused some confusion and so offered Mr R £50 as a gesture of goodwill. But it said its agents only provide general information and without a specific scenario, they would be unable to detail all the exclusions that might apply.

As Mr R remained unhappy, he approached this service. Our investigator didn't think it was unfair for AXA to decline the claim or state that the information given was correct.

Mr R didn't agree with the investigator's view and so his complaint has been passed to me to make a final decision.

What I've provisionally 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.

Mr R wanted to know whether or not his policy with AXA covered him for damage to underground pipes and sewers within the boundaries of his property. He said he found his policy a bit confusing. He'd seen information from other businesses that said he might not be covered for some instances and wanted to know if he was covered under his AXA policy before taking out insurance with another business when that wasn't necessary. On the face of it, that seems like a reasonable request and a good reason for asking the question.

The consumer duty places a responsibility on businesses to adequately support their customers throughout the lifecycle of a product or service after the point of sale, including if they want to make an enquiry or a claim. Consumers like Mr R are also expected to take responsibility for the decisions they make. But to do this businesses must give them the information they need, at the right time, and presented in a way they can understand. So, I would expect AXA to communicate with Mr R in a way that is clear, fair and not misleading.

I've listened very carefully to the call Mr R made to AXA and I've also read the transcript of that call. Having done so, I don't think AXA provided Mr R with information that was clear, fair and not misleading. Let me explain why.

In its response to his complaint, AXA said the information given to Mr R by its agent in this instance was correct. And I agree. The agent was correct in saying Mr R wouldn't be covered if the leak was caused by a blockage because he didn't have accidental damage cover. But AXA also accept its agent caused some confusion. And I agree with that too. For example, the agent didn't consider what would happen if the leak didn't cause any damage to his property.

AXA also said its agents can only provide general information on a policy. And without a specific scenario they're unable to detail all exclusions that apply, which is why it provides its policy documentation. I can see why AXA has said this. Its agents wouldn't be able to give a definitive answer on whether or not Mr R's pipework and sewers were covered under his policy as that would depend on the circumstances of any claim that was made. For example, Mr R might be covered if a leak caused damage to his property, but he might not be if it didn't.

But in this case, I think AXA's agent provided more than just general information. Mr R said he asked a specific question and he was reassured that damage to his underground pipes and sewers was covered. Having listened to the call, I can understand why he came away from the call feeling reassured that he was covered under his policy. The call ended with Mr R saying, "so I don't need to take out any other insurance because I've got it covered already basically?" And in reply the agent said, "Yeah, yeah, again, you know, you're covered for a leaking pipe. A burst or leaking pipe is absolutely fine. Again, the only thing that's not covered is any kind of, like, blockage." And that was wrong and misleading as Mr R wasn't necessarily covered for a leaking pipe, even where it wasn't caused by a blockage.

So, what was the impact of this poor communication? To answer that question I need to think about what I would expect AXA to have said to Mr R in that situation, i.e. what should have happened? Mr R wanted a definitive answer about whether or not he would be covered if he made a claim under his policy with AXA. But I agree with AXA as I don't think it was in a position to say whether or not he was covered under his policy as that would depend on the circumstances of any claim. For example, what caused the leak? Was there damage to his property? Did any exclusions apply? For instance, was the loss or damage caused gradually or by wear and tear? So, I think it would have been reasonable if AXA's agent had been more circumspect. Perhaps pointing Mr R to the terms and conditions of his policy and saying it couldn't give him a definitive answer unless or until he made a claim. That might not have satisfied Mr R but I think it would have been a fair response.

Has Mr R lost out as a result of AXA's poor communication? I don't think there's clear enough evidence to say he has. Had AXA given Mr R the response outlined above, would he have decided to buy another policy or extend his AXA policy to ensure he was covered. I can't say for sure. He might have done but equally he might not have done (or been able to have done), particularly if AXA had said it couldn't give him a definitive answer, as I've set out above. It's also not clear what prompted Mr R to call AXA in June 2024. Was he already *having problems with his underground pipes? It was only two weeks later that he called them to say he'd discovered a leak. Insurance is there for unforeseen events, not ones that have already occurred. So it might be that Mr R wouldn't have been able to take out a policy elsewhere in any event.*

I'm also mindful of the fact that although Mr R says he started track and trace action on the basis of AXA's advice, he hadn't made a claim at that point. And when he did he was told very clearly that his policy didn't cover him for the leak he'd found. So, Mr R could have mitigated his loss by calling AXA and making a claim before starting the track and trace action.

So, what should AXA do to put things right? AXA has given Mr R £50 by way of a goodwill gesture. On balance, and taking account of the factors I've outlined above, I think it should do more. While I don't think it would be fair to ask AXA to pay the cost of Mr R's aborted track and trace work, I do think it should pay compensation to recognise the confusion and stress it's caused Mr R. Its poor communication meant Mr R wasn't as informed as he should have been and I think AXA needs to acknowledge that. I think a total amount of £250 would be a fair and reasonable way of putting things right in all the circumstances. So, AXA should pay Mr R a further £200 on top of the £50 its already given him.

My provisional decision

For the reasons set out above, I intend to partly uphold this complaint and direct AXA Insurance UK plc to pay Mr R a further £200 on top of the £50 it's already paid him for the poor service I've set out above."

Responses to my provisional decision

AXA accepted my decision although it thought the compensation I'd proposed was a little generous. Mr R said he started track and trace action following the first call with AXA and only contacted AXA again when he realised how costly that work was going to be. He thought the award I'd recommended was low, particularly as the total claim was likely to run to between £3,000 and £4,000. He thinks AXA should honour his 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 carefully considered Mr R's comments and I understand what he's saying and why he thinks AXA should pay his claim. But I don't think that would be fair for the reasons I've set out above. Even though I found the information AXA gave Mr R was wrong and misleading, I also need to think about the impact of that miscommunication. And, as I've set out above, I don't think there's clear enough evidence to say he lost out as a result. As such, I maintain my decision that AXA should pay Mr R a further £200 on top of the £50 its already given him to recognise the confusion and upset its caused. I think that's a fair and reasonable amount in all the circumstances.

My final decision

I uphold this complaint and direct AXA Insurance UK Plc to pay Mr R a further £200 on top of the £50 it's already paid him for the poor service I've set out above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr R to accept or reject my decision before 2 September 2025.

Richard Walker
Ombudsman