

## **The complaint**

T complains that AXA Insurance UK Plc has unfairly settled a claim made on its commercial insurance policy.

T says AXA failed to cover the costs it incurred after it paid to repair damage to televisions damaged in transit. T says the settlement was delayed and it needed to arrange the repairs itself after AXA offered to complete this, then failed to organise it in time. And due to pressure from T's customers, it needed to arrange the repairs which cost it more than AXA said it would have cost and T has lost out as a result.

T also complained AXA treated it differently because of the race of its director, dealing with the claim on its behalf.

## **What happened**

On 11 January 2025, a claim was made by T for three televisions damaged when in transit with it. The three televisions damaged were:

TV 1 – Panasonic TB65W60AEY

TV 2 – Samsung QE65Q80DATXXU

TV 3 – Samsung QE65N800DTXXU

AXA appointed its specialist to inspect the damaged items on 23 January 2025 after T provided a quote to repair the televisions. Its quote showed the cost to repair all three would be £4857. AXA's specialist received its inspection reports for TV 1 and 3 on 1 February 2025.

AXA completed its internal validation checks and looked at what the replacement cost of the televisions would be compared to what its expert said the repair costs would be. The report provided for TV 3 showed the repair cost was more expensive than the replacement cost to it. The report for TV 1 was not clear on the total cost as there was no cost provided for the part needed.

AXA made T an offer to settle the claim based on the replacement value for each TV with estimates provided by its specialist. It said its liability for cover was the value of the property at the time of the damage and the repair costs were not economical compared to the replacement costs. It offered £2984.47 less the policy excess of £300 on 25 March 2025.

T complained that it was left out of pocket after paying to have the televisions repaired with its own engineer and this was at the cost of the invoice it had presented soon after the claim was raised.

Our investigator looked at this complaint and didn't think AXA had treated T fairly when settling the claim. They were satisfied there was no indication that T had been treated differently because of the race of its director dealing with the claim on its behalf, but she felt AXA had been unfair when saying it can choose to replace partially damaged items.

They accepted that it was cheaper for a replacement, based on the repair costs provided. However, the policy terms didn't provide this discretion and so they felt the replacement cost being used was unfair.

T had asked AXA to repair the televisions on 5 February 2025 and its agent was visiting on 12 February. On 16 February, T told AXA it was going to go ahead with the repairs itself with the invoice for the repairs being provided on 13 March.

The investigator didn't think it was fair to expect AXA to pay the repair costs if these were in excess of what it would have cost it to repair the televisions. This is because ahead of completing the repairs itself, T had demonstrated it was aware of the value placed on the televisions by AXA's specialist and that this was significantly lower than the quote it had received to repair these.

However, they didn't think AXA had demonstrated the repair cost for all three televisions. It had only received an inspection report for TV1 and 3. And although the expert had given a total figure to settle the claim, it hadn't been evidenced this was fair.

So in the absence of AXA demonstrating TV 2 could have been repaired for less than the quote provided by T, she recommended it pay the difference for this TV and what was paid already.

They also recommended that AXA pay T £75 for the additional inconvenience experienced by the business in needing to chase AXA for updates on the claim.

AXA asked if it could provide an inspection report to demonstrate the repair cost of TV 2 now, but it was unable to do so.

T said it would not accept less than the total amount it paid for the televisions to be repaired and did not accept the investigators outcome. As a result, the case was referred for 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.

I've decided to uphold this complaint, for much the same reasons as our investigator. I appreciate T will be disappointed by this, but I'll explain why I've made this decision.

There is no dispute from AXA that T has made a valid claim for damage to items in transit. It is the settlement of this claim and approach taken which needs to be considered here, to understand whether AXA treated T fairly.

Our investigator highlighted the relevant terms of the policy, so I won't repeat these here. In summary, it explains when an item is partially damaged, it will be restored. And I don't think it is clear with the policy wording that AXA has the option to pay to replace an item at its discretion if partially damaged.

T was very clear from the start of the claim journey that it wanted to have the televisions repaired so these could be returned to its customers and it had concerns about reputational risk if it couldn't do this. So, while AXA looked to reduce its liability for this claim to the replacement costs of the goods over the repair costs, I can't say it acted fairly when choosing this option.

When AXA's specialist assessed TV1 and 3, it provided two reports which detailed the repair

cost for the expert to complete the works. However, before any settlement could be agreed, whether this be a repair or replacement settlement, AXA needed to validate the claim.

It was during this validation time that T told AXA, on 14 February 2025, it would have the repairs completed itself if AXA's specialist didn't complete the repairs.

The impact of T's customers and pressure added to it to return the damaged items as quickly as possible is clear with the claim journey and I understand why it was keen for AXA to settle the claim quickly. But I've not seen anything to show AXA was unreasonable in the checks it undertook when validating the claim ahead of making the offer it did.

AXA was able to offer a repair and it has said the cost for each to be repaired would be:

TV 1 - £1089.52

TV 3 – £1,304.15

Total repair costs = £2393.67

When T didn't allow AXA the time to complete its validation checks and confirm its claim decision ahead of it completing the repairs, AXA lost the chance for its engineer to complete the work.

I don't think the claim validation process was unreasonable in the time taken. T made a commercial decision to progress with the repairs to the televisions ahead of the claim decision being made. And with AXA having a quote for the repair costs for two of these televisions, it is not fair to ask it to go beyond this cost for these two. But there is no cost demonstrated for TV 2 and as the cost of this repair is only evidenced by T and may always have been needed, it is fair this cost is paid.

So, in the absence of this, I think it is fair that AXA pay the repair cost for this television as evidenced by T. This shows the cost to be £1709. With the total cost of the repairs added for TV 1 and 3, the total claim cost before excess is £4,102.67

AXA has paid T £2984.47, less the excess but this was based on the replacement value of the televisions over the repair cost. As I've said, I don't think it was fair to do this and it needs to pay the repair costs and cover the cost incurred by T for TV 2. This means it needs to pay the difference in the total repair costs, less what its already paid.

T raised concerns about AXA treating it differently when dealing with the claim and it felt this was because of its directors race. I understand the concerns about the claim process and the delays in AXA validating the claim and making the offer it did. However, I've not seen anything to show T was treated differently because of the race of the director dealing with AXA on its behalf. Overall, I am not persuaded there is a failing here.

I do agree that AXA's communication was not as good as it could have been and clearer information about the claim could have been provided to avoid additional calls for updates. This could also have resulted in T being able to have TV1 and 3 repaired by AXA without the inconvenience of arranging this directly.

With the pressure clearly being applied by T's customers, looking for updates on their televisions, I am persuaded T was inconvenienced to a point that took time away from them being able to deal with their business as they ought to have been able. This was added to with the way the claim was handled and it is right this is compensated for.

## **Putting things right**

AXA needs to pay the costs incurred by T when it paid to repair the damage to TV 2 itself at a cost of £1709.

AXA has already paid T, what it would have cost it to repair TV 1 and 3, set out below.

TV 1 - £1089.52

TV 3 – £1,304.15

Total repair costs = £2393.67

The total cost of the repair for all three televisions is £4102.67 and AXA will need to pay T the difference in what it has already paid to settle this claim (£2984.47 less the £300 excess) and what is outstanding now to cover this total cost of the repairs.

For any money owed to T, it will need to add 8% simple interest to the payment from the date of its initial offer to settle the claim in March 2025, until date of payment.

To recognise the impact of this claim handling on T and its business, it should also pay an additional £75.

## **My final decision**

For the reasons I've explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 15 October 2025.

Thomas Brissenden  
**Ombudsman**