

The complaint

Miss K complains about AXA Insurance UK Plc's handling of a subsidence claim made under her landlord's insurance policy.

What happened

The background to this complaint is well known to both parties, so I'll provide only a brief summary here.

Miss K has a landlord's insurance policy underwritten by AXA which covers a property she owns and rents out. She made a claim in April 2023 after her tenants alerted her to a water leak under the conservatory.

AXA accepted the claim and appointed loss adjusters (who I'll call Q). They dealt with the matter as a claim arising from an escape of water (one of the insured perils specified under the terms of the policy).

Miss K then reported further damage, with cracking to the property and the conservatory floor appearing to be unstable.

In August 2023, her tenants moved out of the property. Q agreed to cover three months' loss of rent for Miss K whilst the damage was further investigated.

AXA then replaced Q as loss adjusters with a company (who I'll call C) who were better placed to deal with the claim because it had now become apparent that it involved subsidence to the property.

C appointed surveyors to assess the damage. They inspected the property and provided a report in September 2023.

The surveyors identified issues with the drains which needed repair to prevent water leaking under the house. Those repairs were both to Miss K's own underground pipes and to shared drains which were the responsibility of the local water company. They also suggested an arborist be appointed to provide a report on vegetation close to the property.

The arborist attended in March 2024. They identified an apple tree belonging to Miss K which may have contributed to the subsidence issue – which they removed soon after their first visit. And they thought a vine in the neighbour's garden ought to be removed or restricted as a precaution, although it was unlikely it was impacting the ground under Miss K's property.

The drains and pipes were repaired in February and April 2024 by AXA's contractors and the local water company.

After unsuccessful attempts to engage with the neighbour, C took the decision to proceed to superstructure repairs without taking any further action regarding the vine. They put the neighbour on notice that he might be responsible if any problems occurred in future due to the vine.

In July 2024 they issued a certificate of structural adequacy, indicating that the property was now stable. They'd put together a scope of repair works for agreement with Miss K.

By this time, Miss K had made a complaint about AXA's handling of the claim. She said communications and customer service had been poor. And she was unhappy that C had now told her loss of rent wouldn't be covered (despite Q earlier agreeing to it).

She also felt something should have been done sooner to enable her to rent the property out again. She had herself – in June 2024 - obtained a quote for temporary repairs from a local builder.

Miss K later (in August 2024) had those repairs carried out at a cost of around £8,500. And she was able to rent out the property from September 2024.

Miss K also wasn't clear why the property had now (in July 2024) been deemed to be stable, given what she'd earlier been told about the vegetation and the worsening damage to the property. And she made a further complaint to AXA, which they answered in November 2024, to add to their response to her previous complaint in July 2024.

Across both complaints, AXA paid Miss K £650 in compensation. They accepted that they (or their agents) hadn't always answered Miss K's queries as quickly as they'd have liked.

They accepted that communications had been confusing – especially around the stability of the property. And they said they ought to have offered temporary repairs much sooner in the life of the claim.

On the loss of rent issue, they said Q had been wrong – and that was reflected in the compensation they were paying – but in fact Miss K wasn't covered for loss of rent because the property hadn't been at any point uninhabitable.

They also said the property was now stable – as per the certificate of structural adequacy they'd issued - and they could proceed to repairs to the superstructure. But they said they weren't going to pay for the repairs already carried out (at a cost of £8,500) because those repairs weren't in fact temporary and, in any case, the cost far exceeded the policy limit for temporary repairs.

Miss K wasn't happy with this response and brought her complaint to us. The issues she raised appeared to be as follows.

- The compensation AXA paid isn't sufficient given the degree of trouble and upset she experienced as a result of AXA's (and/or their agents') failings in communication, poor customer service and delays.
- AXA should cover her loss of rent between her original tenants moving out (at the end of August 2023) and her new tenants moving in (in September 2024).
- AXA should pay for the temporary repairs she'd had carried out which enabled her to rent out the property again (from September 2024).
- AXA need to issue a certificate of structural adequacy once it's clear that the property is in fact stable.
- AXA should pay for her property to be underpinned (as recommended by experts she says she's engaged).

- AXA should pay for full repairs to her driveway (where the drain repairs were carried out).

Our investigator looked into it and didn't think AXA had done anything wrong, up to the point of the latest final response to Miss K's complaints in November 2024.

Miss K disagreed and asked for a final decision from an ombudsman.

I disagreed with our investigator and thought the complaint should be upheld in part. So, I issued a provisional decision. This allowed both parties the chance to provide further information or evidence and/or to comment on my thinking before my final decision in the case.

My provisional decision

In my provisional decision, I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Miss K's claim is on-going. Our investigator has rightly pointed out to both parties that we can only look into issues already raised with AXA by Miss K.

That's because the rules which govern the way we operate – the Financial Conduct Authority's dispute resolution (or DISP) rules – clearly state that we can't look into issues unless the relevant financial business has had a chance to do so - and a chance to resolve them with their customer themselves (except where the business consents to our doing so).

So, in this decision, I can only consider AXA's actions or omissions up to the date of the most recent final response letter to Miss K in November 2024. If Miss K wishes to complain about anything that's happened after that point, she'll need to make a new complaint to AXA – and then bring it to us if she's unhappy with AXA's response.

I'll turn now to the issues raised in Miss K's complaints to AXA – and then brought to us.

Loss of rent

The policy terms say AXA will cover loss of rent where a property "*cannot be lived in*".

As our investigator said, Miss K's property had cracking and, at times, an uneven floor in the conservatory. However, there were cooking and washing facilities, and the property provided the usual protection from the elements.

So, by any normal definition, the property was inhabitable, and the loss of rent cover doesn't kick in. I understand that the property may have been difficult to rent out (at least without a significant drop in rent), but the policy terms are clear - and that situation is not covered.

I understand that Q promised at least three months' loss of rent payments. That was a mistake, as AXA have said. It's not fair or reasonable to hold AXA to mistaken undertakings given by their agents, but I will bear in mind Miss K's disappointed expectations when I consider (below) compensation in this case.

That said, whilst the policy's loss of rent terms do not apply, Miss K is entitled to think that AXA would cover the consequential losses she suffered as a result of any unnecessary or avoidable delay in progressing the claim and getting the house repaired.

I bear in mind here that AXA admitted – in their final response letter to Miss K, dated 2 July 2024 – that they should have offered temporary repairs sooner. And it appears that when Miss K had temporary (or partial) repairs carried out, she was then able to rent out the property.

I also note the timeline here. The claim was originally made in April 2023, but it was only in August 2023 that it became apparent that it might involve subsidence. I don't think AXA caused any unavoidable delays in this period – Miss K only reported the cracking etc, in August 2023.

AXA were also quick to react to that issue when it became apparent. Specialist surveyors appointed by the loss adjuster inspected the property and provided a report, with recommendations for next steps, in September 2023.

However, the recommended drain repairs weren't carried out until February 2024 (on Miss K's own drains) and April 2024 (when the water company dealt with repairs to the shared drains). I understand AXA aren't in control of the water company, but it appears they responded reasonably speedily (in April 2024) when notified of the problem by AXA.

The September 2023 surveyor's report also suggested an arborist be appointed to assess the vegetation. The arborist didn't attend until March 2024, although they removed the apple tree soon after their first inspection visit.

In summary, it appears very little actual progress was made between the report in September 2023 and the mitigation work in February, March and April 2024. So, that appears to me – as things stand – to be around three months (November and December 2023 and January 2024) of avoidable delay (allowing that it would have taken some elapsed time – I'm allowing a month - for AXA to get the drain repairs and arborist work carried out).

It's reasonable to believe that if things had progressed more quickly with the claim, Miss K might have decided on temporary repairs equally more quickly - and had new tenants in the property equally more quickly.

It's impossible now for me to reliably estimate how much sooner AXA ought to have offered temporary repairs (by their own admission) – and so, how much sooner Miss K might have been able to rent the property out.

So, I'm minded as things stand to make a reasonable estimate, based on the balance of probabilities, that the property might have been rented out three months sooner (equal to the three months of avoidable delay between November 2023 and January 2024).

And so, I'm also minded to require AXA to pay for Miss K's consequential losses of three months' rent.

Payment for the temporary repairs

Miss K spent approximately £8,500 on repair work, which seemingly enabled her to

rent out the property from September 2024, when that work was completed.

She wants AXA to pay for that work, as temporary repairs. And she says all of the repairs were in line with AXA's own scope of works for the superstructure repairs.

AXA have said the policy limit for temporary repairs is much lower than £8,500 (at £250, which is just for filling cracks essentially).

They also say the repairs aren't temporary (they included full re-plastering and re-decoration, including the removal and refitting of a boiler) and they imply that some of the work at least might put Miss K in a better position than she was in before the subsidence occurred.

Looking at the invoice for the building works Miss K had carried out, it does appear that most of the works aren't temporary. The re-plastering, for example, includes the use of steel bars.

AXA believe the property was stable by the time this work was done (they issued a certificate to that effect in July 2024). So, it's likely the repairs will not need to be re-done. In that case, whilst I'm minded to agree with AXA that the repairs aren't temporary, they will have covered at least some of the work AXA had scheduled to do (in their scope of works) once stability was absolutely confirmed.

That being the case, when they come to settle the claim (which, as I understand it, will be after a further period of on-going monitoring is complete), AXA should pay for any of the repair works Miss K has already had carried out which they were going to have to pay for anyway (had Miss K not already had them carried out).

It's not for me now to determine which of those repairs (costing £8,500) would have been necessary for AXA to carry out according to their own scope of works. What I'm minded to say now is that AXA should consider those costs and pay for any element which was included in their scope of works and which doesn't need to be re-done.

If Miss K isn't happy with AXA's assessment about which of those costs to cover, she will need to make a new complaint to AXA – and then bring it to us if she isn't satisfied with their response. I can't make a judgement here about something that hasn't happened yet.

Certificate of Structural Adequacy

I understand AXA issued a certificate in July 2024 (and again a few months later). They clearly believe the property is stable after the drain repairs and the removal of the apple tree.

It's understandable that Miss K wants some further assurance about the stability of the property – particularly bearing in mind that the neighbour's vine hasn't been removed (on the basis that it was very unlikely to be affecting Miss K's property).

That's why AXA have, quite reasonably, agreed a further period of monitoring. Once that is complete, I assume they will issue another certificate.

In short, I can't see any reason to believe that AXA have so far acted in any way unfairly or unreasonably in terms of the issuing of certificates of structural adequacy.

Underpinning

Miss K believes AXA should pay for the property to be underpinned. AXA's experts believe that to be unnecessary. Assuming that the current and on-going period of monitoring shows the property to be stable (as expected), I can't - as things stand - see any reason to think that AXA's experts are mistaken.

AXA's responsibility here is to provide a lasting and effective repair to correct the current subsidence issue. They aren't obliged to pay for measures which would provide safeguards against any possible future recurrence of subsidence (for whatever reason).

Miss K says she has (three) expert opinions to say that underpinning is necessary. If she has, I don't think we've seen them – and nor have AXA. What she's provided to us appear to be (two) quotations for resin injections into the soil beneath the conservatory.

Those are quotations for how much the work would cost if Miss K commissions it. They aren't expert opinions. They are brief and serve their particular purpose. There's no indication that the relevant companies have carried out any detailed assessment of the causes of the subsidence at the property or of the options in terms of how it is to be addressed.

In short, it's not unreasonable for AXA to assume that if the property is now stable, then underpinning (or resin injection) is not necessary to bring about a lasting and effective repair.

The driveway

It's not entirely clear whether Miss K wanted us to consider this issue as part of her complaint to us, although she did raise it with AXA.

However, for the sake of completeness, AXA's responsibility here is to carry out lasting and effective repairs. If Miss K thinks further work on her driveway is necessary after the drainage repairs were completed, then AXA should consider that request (in line with the terms of the policy) as and when they come to provide the final settlement of the claim.

Compensation

AXA have paid Miss K a total of £650 in compensation for poor communication and customer service, plus the delay in offering her temporary repairs (I've dealt with that as a separate issue above and suggested AXA cover Miss K's consequential losses).

Although Miss K has been understandably worried about her property and the fact that it wasn't rented out for a prolonged period, a large element of that stress – and the inconvenience Miss K has experienced – is a consequence of the subsidence itself and the damage that caused.

I can only fairly award compensation for any additional trouble and upset Miss K has suffered as a result of AXA's errors or omissions.

I can see that, at times, AXA (and/or their agents) have been slow to respond to Miss K's queries, and communication has at times been less clear than it might have been. AXA admitted this in their response to Miss K's complaint.

I also bear in mind that Q quite definitively told Miss K that she'd be covered for loss

of rent, which led to quite severe disappointment when the expectations Q had encouraged were corrected by AXA.

That said, any delays in communication here – and delays overall in fact – are relatively short-lived. And but for the three month or so hiatus around the turn of 2023-2024 (see above), AXA and their agents have progressed the claim reasonably swiftly in terms of the mitigation work.

Delays after July 2024 are due primarily to disagreements between the parties as to next steps and, as I've said above (regarding the underpinning particularly) these delays can't reasonably be said to be AXA's sole responsibility.

Bearing all of that in mind, I'm minded to say that the £650 in compensation already paid to Miss K by AXA is fair and reasonable in all the circumstances.

Summary

In brief, as things stand – and unless I get persuasive information or arguments to make me change my mind in response to this provisional decision - I'm minded to uphold Miss K's complaint in part. And I'm minded to require AXA to carry out the actions specified in the section below."

And on that basis, I said I was minded to require AXA to

- pay for Miss K's consequential losses, caused by avoidable delays in the progress of the claim, at a sum equivalent to three months' loss of rent (at the rent currently charged by Miss K on the property and on receipt of proof of that rent);
- when settling the claim, consider the repairs carried out by Miss K at a cost of £8,500 – and reimburse her for any of those repairs which were (or should have been) part of their own scope of works and which do not need to be re-done; and
- consider Miss K's claim for further repairs to her driveway in line with the terms of the policy.

The responses to my provisional decision

AXA haven't responded to my provisional decision with any further information, evidence or comment.

Miss K has responded. I'll summarise her points below.

Miss K says she actually reported the cracking in the walls of her house in April 2023, only weeks after making the original claim. She says AXA escalated the claim to the second loss adjusters (C) in November or December 2023, some eight months or so later.

She says AXA paid her a further £200 in compensation, in May 2025, for their poor handling of the claim.

As regards the temporary repairs. Miss K says she was advised by her contractor that the only sensible option, in terms of cost and disruption, was to carry out (partial) full repairs.

She says she told C and AXA on several occasions that she intended to do that – and they didn't tell her they would only approve temporary repairs until *after* her contractors had begun the work.

She also provided a copy of an email from Q in September 2023, which offered her £8,500 in settlement for repairs they'd identified as necessary.

Miss K says her conservatory floor and door haven't yet been repaired – and the door no longer functions properly due to the ground movement. She says neither AXA nor C have yet confirmed that the door will be replaced as part of the claim.

As regards the property being uninhabitable, Miss K says she was unsure whether it was safe to rent it out whilst the claim was on-going. And C only told her almost a year after the claim was made that loss of rent wouldn't be covered, contrary to what she'd been told by Q.

Miss K is also concerned that AXA raised an issue of underinsurance after she made her claim. She disputes whether she's responsible for any underinsurance.

Finally, she says that even if the current monitoring shows no further movement, she'd prefer to have the conservatory underpinned before full repairs are carried out – and therefore, she wants a reasonable cash settlement offer from AXA for the repairs – rather than AXA carrying out the repairs themselves before she has a chance to carry out the underpinning.

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'm grateful to Miss K for the information she provided in response to my provisional decision.

I note what she says about her reporting the cracking in April 2023. However, that was after the original claim had been made and Q appointed. So, it did change the nature of the claim. And that meant there were delays as Q and AXA re-evaluated the situation.

Cracking isn't always indicative of subsidence. And it wasn't unreasonable for Q to continue to assess the claim for a period of time, so that the picture became clearer.

Whilst C weren't appointed until September 2023 (slightly earlier than Miss K suggests), I'm not convinced that there were significant delays in the period between April 2023 and September 2023.

The claim got underway but, given what was reported to be the problem, it suffered a false start. Appointing and re-appointing loss adjusters isn't instantaneous. And nonetheless, investigations were underway. Once the picture became clear, C were appointed and acted very quickly to carry out an assessment at the property.

I'm not then going to increase the period for which I think AXA are responsible for Miss K's loss of rental income due to avoidable delays. I still don't think the avoidable and unnecessary delays amount to more than the period set out in my provisional decision.

I'd also ask Miss K to understand that the policy terms regarding loss of rent do not say that AXA will pay out if the policyholder *thinks* the property might be unsafe or uninhabitable. They say that in effect AXA will pay out if the property *is in fact* uninhabitable – which, in this case, it was not.

So, I remain of the view that AXA aren't obliged to pay out for loss of rent under the policy terms. Rather, they need to cover the consequential loss attendant on the avoidable delays which were their (or their agents') fault. As I say, I haven't changed my view that that amounts to around three months of lost rental income.

I was unaware of the further £200 AXA have paid Miss K (in May 2025). The payment post-dates the final response letter in the complaint that I'm considering here. So, it's not relevant to my considerations in this decision.

I appreciate Miss K giving me more information about the temporary (or not so temporary) repairs carried out at a cost of £8,500.

I made my position on that clear in my provisional decision. It's not really important whether these were temporary or final repairs (or part of them) – or indeed whether Q offered the same amount at some point in the claim, for what may have been entirely different reasons.

To reiterate, if those repairs were part of the schedule of works AXA put together – and they do not now need to be re-done - then Miss K can expect to be reimbursed for them, as part of the settlement of the claim. If they aren't claim-related, or they amount to betterment, AXA will be entitled to decline to pay for them or pay for them only in part.

As I said in my provisional decision, I'm not going to try to pre-empt AXA's decisions about that part of the claim. If Miss K isn't happy with the claim settlement in that respect, she can make a further complaint to AXA – and bring that to us if she isn't satisfied with AXA's response.

I understand what Miss K says about the current state of the conservatory floor and door. The claim is on-going. It's not our role to be a substitute or alternative claim handler. As I explained in my provisional decision, I'm looking here at matters that were part of the complaint made to AXA, to which they provided their final response in November 2024.

If Miss K is unhappy with AXA's response to her claim for the door, when they come to it – or indeed anything else which has or will come up *after* November 2024 – she will need to make a new complaint to AXA – and then to us if she's unhappy with AXA's response.

The same goes for Miss K's expressed wish for a cash settlement for the remaining repairs. I would imagine AXA will be happy to make a cash offer in all the circumstances, but it's not for me to dictate how they handle or settle the claim from here on in.

On the underinsurance point, it was my understanding that AXA had asked Miss K to update her policy so that a correct sum insured was recorded – which she did. There was no indication that AXA were to proportionally reduce any claim settlement based on (supposed) underinsurance. So, I'm not expecting that they will do that when they come to settle the claim.

In summary, I'm grateful to Miss K for clarifying the position and sharing her thoughts on the claim, but I'm satisfied there's nothing in what she says to make me change my mind about the outcome in this case.

Putting things right

I set out in my provisional decision what I was minded to require AXA to do to put things right for Miss K – and why.

I have no reason to change my mind about that now. I'll repeat below the steps I'm now going to require AXA to take.

My final decision

For the reasons set out above, I uphold Miss K's complaint.

AXA Insurance UK Plc must:

- pay for Miss K's consequential losses, caused by avoidable delays in the progress of

the claim, at a sum equivalent to three months' loss of rent (at the rent currently charged by Miss K on the property and on receipt of proof of that rent);

- when settling the claim, consider the repairs carried out by Miss K at a cost of £8,500 – and reimburse her for any of those repairs which were (or should have been) part of their own scope of works and which do not need to be re-done; and
- consider Miss K's claim for further repairs to her driveway in line with the terms of the policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 18 September 2025.

Neil Marshall
Ombudsman