DRN-5784843

Financial Ombudsman Service

The complaint

Ms G has complained about her property insurer AXA Insurance UK Plc regarding a claim she made to it when a pipe burst damaged her flat.

What happened

On 19 August 2024 a pipe in the flat above Ms G's burst and part of the ceiling of Ms G's lounge came down. She called AXA to make a claim; it sent a surveyor and an electrician to the property on 21 August 2024. The electrician isolated the mains lighting but otherwise left Ms G with electricity. The surveyor noted the ceiling had a textured coating and that items would need moving into storage for work to be done. Ms G told the surveyor, and then AXA that the repairs would need to be resolved swiftly because she was due to travel for a six-month project on 24 October 2024. AXA agreed it would resolve the claim before then.

On 6 September 2024 the contents were removed to storage and the asbestos test results were returned as negative. However, as of 24 September 2024 AXA's repair coordinator confirmed there was no start date for the necessary strip-out works or for drying to commence. Strip-out work was then completed on 1 October with drying commencing later that week. The repair coordinator, in mid-October told AXA that reinstatement work was unlikely to start before the end of the month and it had now been decided it was necessary, to dry the property, to remove wallpaper and plaster from four walls, as well as to install additional drying equipment.

The additional work and equipment installation was done within a couple of days. But the new equipment began tripping the electricity supply. Ms G explained to AXA that she still had no mains lighting and now the sockets were affected. It was 8 November 2024 before an electrician was appointed – he found the cause was faulty drying equipment. The equipment was replaced, drying recommenced and then completed on 29 November 2024. Reinstatement work did not then start until January 2025.

During the course of the claim, Ms G made three complaints to AXA. Mainly about the claim's progress and the impact of the delays on her – primarily the need to cancel her trip and money she lost as a result. But Ms G had also been unhappy at remaining in the unsatisfactory living conditions of the flat for the extended period caused by the claim delays. There had been no mains lighting until after the property was dried and she'd been 'living' in her damaged bedroom (damage not related to this or any other claim under AXA's policy). There'd been communication issues too – with her sometimes having received calls when she'd said she would be unavailable by phone. She said she'd suffered immense distress and her emotional well-being had been affected causing her to need to visit her GP.

AXA issued three final response letters (FRLs), the third being issued on 6 January 2025. It accepted there had been some minor delays but said it just wasn't always possible to keep to agreed timescales. So it didn't think it had been responsible for Ms G not being able to travel or losing any money. But it offered Ms G a total of £400 compensation for upset caused. Ms G complained to the Financial Ombudsman Service.

Our Investigator confirmed to both parties that we could only consider what had happened with the claim up until 6 January 2025. He thought there had been some minor delays; for ten days in September and between 25 October and 19 November 2024. He said it seemed likely the repair would always have extended into November 2024 even if handled effectively. So he felt the water leak itself was the main reason for Ms G's trip needing to be cancelled and her costs being lost. He considered if AXA should have placed Ms G into alternative accommodation (AA) – but noted that in October she had said she didn't want that. Overall he concluded that AXA's £400 compensation was fair and reasonable. So he wasn't minded to make it pay or do anything more.

Ms G was unhappy with that outcome. She said £400 was not representative of her losses (with her previously having asked for £1,200 reimbursement of costs associated with the cancelled trip and at least £10,000 compensation to take into account lost income and impact on health).

The complaint was referred to me for an Ombudsman's decision. I decided to issue a provisional decision. In my provisional findings, I said:

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

Having done so I'm minded to uphold this complaint and require AXA to make some additional payments. So I'm issuing a provisional decision to explain my views and what I think AXA should pay. However, I'd like, here, at the start of my findings, to let Ms G know that I won't be making an award in line with her requests. Ours is an informal service, an alternative to the courts – the sum Ms G is seeking is more in line with what a court might award for a personal injury claim. Whereas the awards we make for compensation for the impact of an insurer's failures usually range between around a hundred pounds at the lower end to £5,000, with that highest award being made where the most substantial impact occurs over a prolonged period, usually more than a year. As our Investigation has explained this complaint considers the period of AXA's activity from the start of the claim in August 2024 until its FRL in early January 2025. My compensation will reflect that.

I've set out quite a lot of detail above about the course of this claim. AXA has said there were only minor delays. However, I think AXA is overlooking the fact that where repairs have been agreed to complete within a short and tight deadline, minor delays can have a significant impact. For example, it was known an asbestos test was required – but that wasn't done for 11 days. It was known stripping out was needed before drying could start – but a month after the surveyor's visit on 21 August, and just over two weeks after the negative asbestos result was returned, strip-out work was still pending and drying hadn't started. The drying programme was then dogged and delayed by faulty equipment. And whilst AXA's file all the way through highlights the need for contractors to be ready to start on the reinstatement work as soon as the drying was complete, that simply did not happen. The delayed drying was completed in late November and reinstatement works were then scheduled for January 2025.

I appreciate that repair programmes do not always go to plan and that sometimes getting contractors to act can be fraught with delays. But AXA agreed to do this in Ms G's timeframe. She was reassured it would be done so she could still go away as planned. And, from what I have seen, I am reasonably satisfied that if AXA had not caused avoidable delays, reinstatement could have been completed around mid-October 2024. The reinstatement work itself, as I understand it, was felt to be relatively quick to complete – the drying was always expected to take a few weeks. I think it took longer than it should have here not just because faulty equipment was used but because the initial strip out work didn't include removal of wallpaper. But also, it bears note I think, that whilst plaster might take some time to dry, removing it, whilst increasing the reinstatement programme, serves to diminish the time for drying. AXA, having agreed to working to a tight schedule, could reasonably have looked to do that here.

Even if I allow four to five weeks to dry the property – which still seems quite extensive given this damage only occurred in one room, I think the property could reasonably have been reinstated by mid-October. Ms G would not then, if everything else had gone to plan, have had to cancel her trip and she would not have had to live in unsatisfactory conditions, in the damaged and unrepaired flat for longer than she'd expected to and into the colder winter months.

I do note that in October AXA had a brief discussion with Ms G about remaining in the flat and she did say she didn't want to move out. However, putting that conversation in the context of everything else which was going on, I think what Ms G meant was that, as she expected the repair to then be about to resolve within only a few more weeks, she would just live with the disruption. I think if she'd been told then by AXA that it was unlikely that reinstatement would commence until January 2025, Ms G's view on remaining in the flat might have been very different.

To be clear, only the lounge was affected by the water leak AXA was dealing with. But the flat only has one bedroom and, until the water leak occurred, due to unrelated damage, Ms G hadn't been using the bedroom. Ms G had been sleeping in the lounge. She moved back to the bedroom on the basis that the repairs would be done swiftly. When they weren't done swiftly Ms G was then living and sleeping in unsatisfactory conditions because of AXA's delay. That wasn't fair. The fact that Ms G tried to be pragmatic about it, and bear with that disruption because she thought the claim would soon resolve, doesn't absolve AXA from making up for the impact caused to her by having to live as she did.

The lounge couldn't be used, a large space attached to the lounge was unusable due to the drying equipment and cold during winter, the bedroom was damp and mouldy with no natural light, the flat otherwise had a small galley kitchen and bathroom. The flat also had no mains lighting for a prolonged period. A number of Ms G's belongings had also been moved to storage for the duration of the works. I can quite see why Ms G, as time went on, began to struggle living in these conditions.

Ms G has shown that, as of early January 2025, her GP had accepted she had been suffering with stress and depression on account of the on-going repairs and medication had been prescribed. I accept that Ms G was profoundly impacted by AXA's failure to deal with this claim as agreed and I will take that into account when awarding compensation. However, I also need to bear in mind that for Ms G, having the need to have cancelled her important trip, will also likely have impacted her during this period and, despite my view on AXA's failure with the claim, I don't think it was responsible for the trip being cancelled.

As I understand it Ms G was booked to go away on 24 October 2024. She's explained that whilst she'd paid a deposit of £200 for the trip, the rest of it was to be funded by income she would accrue from letting her flat whilst she was away. I accept that, by around the time of the leak, Ms G had acted on that intent by speaking with an estate agent. She hadn't, as far as I'm aware, made any arrangements to update her insurance cover. But Ms G's also explained that the estate agents weren't due to finalise advertising/letting arrangement until September/October and that repairs to the bedroom were also scheduled for October 2024.

I also understand that those repairs then fell through, and not on account of anything AXA did or didn't do on the claim. Ms G says though that this wouldn't have meant the flat couldn't b let – because any leasing arrangement would have allowed for that work to be done. But I'm not persuaded that letting a property, whose only bedroom is damaged, such that Ms G preferred not to sleep in it, and where internal and external repairs are outstanding, is a particularly appealing prospect for tenants. On balance I can't be satisfied that the trip only fell through because of AXA's failure to progress the claim as agreed. So, I'm not intending on making AXA recompense Ms G for any losses associated with that trip, or caused because that trip was cancelled.

I do think though that Ms G's work, at home in the UK, was impacted in December 2024 by the ongoing and unresolved repairs. Ms G has explained that she felt the need to take an extended trip to stay with family during December 2024 because of the state of the flat. I'm reasonably satisfied that she wouldn't have needed to do that if the repairs had been completed in October 2024, or even in early December 2024 imminently after the drying completed. Or even if AXA had been straight with Ms G in October 2024 about the possibility that repairs would not start until 2025 and she'd then decided to be placed into AA.

Ms G hasn't been able to show details of her income in December 2023. But I've seen that she achieved in November and December 2024 (nearly £4,000 and just over £1,300 respectively) as well as January 2025 (around £2,800). Taking that detail into account, and bearing in mind Ms G's work is not retail based, I think it's fair to say December's income, even if Ms G had not gone away, was always going to be less than January's. I say that as I think December and January are often affected by the holidays but recovery from the holiday season often starts to show in the new year. So I'm going to split the difference, roughly, between January and December's income and say it's likely that December's would have been £750 higher had Ms G not needed to spend some time away. It's true, this is not an accountancy level assessment of loss and I can't be sure what the exact impact was. But, without Ms G being able or prepared to show her exact details of income for the comparative 2023 period, I'm satisfied this is a fair assessment of her likely loss.

So I'm minded to make AXA pay £750 for lost income. I'm also minded to make an award of £750 compensation for upset caused. I've explained above about the repair programme, when I think that should have completed and the impact Ms G was caused living in unsatisfactory living conditions (for around two and a half months longer than she should have done – October 2024 through the first week of January 2025), with an impact during this period on her health. I note Ms G was also frustrated because of the lack of meaningful updates about when each stage of the works would start and that, at times, she was often called on the phone when she had been clear this wasn't a suitable method of contact. For all of that I'm satisfied that £750 compensation is fairly and reasonably due. If AXA has paid the previously offered £400 already, it need only now pay the difference outstanding."

AXA said it would accept the decision. But it said part of the policy excess was outstanding. It asked if it could deduct that from any sum I said should be paid to Ms G.

Ms G said she was disappointed by my findings. She stated that I had missed a significant point that the work was delayed due to AXA's agent consistently denying and trying to avoid the full necessary extent of work – which continued through to spring 2025. She said:

- Overall the claim was delayed by nine months – with work not starting until late spring 2025. Delays, and their impact, during this period should not be overlooked. Nor that damage was caused.
- The decision records AXA as having said the delays were minor and unavoidable – this is simply not true, they were neither minor nor unavoidable.
- At the start she had requested the ceiling was removed to resolve trapped water, it took weeks for AXA to agree to do that which allowed the ceiling to deteriorate and caused extensive, unnecessary delays.
- The drying equipment should have been tested before installation, using faulty equipment caused another delay.
- It was absolutely AXA's delays in handling the claim which caused her trip to be cancelled.
- The estate agent had or would have arranged separate insurance for the lease.
- The unrelated work in the bedroom did not cause the flat to be unleasable – that was the insured damage/repair work delayed by AXA.
- When the unrelated work was completed (Ms G did not say when that occurred) it was no longer possible to leave the country due to the ongoing/unresolved claim.
- The Christmas break was not "an extended" trip, she was only away for nine days.
- Her work is not impacted by holiday periods in the way I suggested.
- The stress and costs she incurred, from winding her business back up after her travel plans fell through, is documented.
- Her income details and how that has been affected has been significantly documented too which does enable me to see the exact financial impact suffered.
- The £400 compensation previously offered by AXA has not been paid by it.

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 appreciate that, at the point AXA issued its FRL on 6 January 2025, the claim was still ongoing. I note that Ms G has reported delays continuing through to spring 2025 and that damage to her property was caused by AXA's agents. I recognise that would all be very concerning for Ms G. But, as I said provisionally, I can only consider what happened – what failures by AXA caused upset – up until 6 January 2025. That is because my role is to consider a complaint made by a policyholder to their insurer – in this case about poor management of the claim causing delays and financial loss – and the answer to that complaint the insurer gave. Here AXA gave that answer to Ms G's complaint on 6 January 2025 – so that gives the end date for the period which I can consider. But Ms G is free to make a further complaint about activity post 6 January 2025 and/or about damage caused to her property.

The background of my provisional, and now final decision, accurately records what AXA said about the delays. But Ms G will also note that, in my findings, I was critical of AXA for not having realised/accepted that the delays it caused in this claim resulted in a significant, negative impact for Ms G.

In my findings I highlighted what I found to be some significant and unacceptable delays by AXA. Having noted those, it wasn't necessary for me to continue and discuss other failures and every delay as well. I note how strongly Ms G feels about the ceiling issue. The important thing for me though was that AXA had failed Ms G and, but for its failures, if it had handled this claim without causing unreasonable and totally avoidable delays, it would most likely have concluded much sooner.

I know that, from Ms G's perspective, it is absolutely the case that AXA is the cause of her trip falling through and all of the disappointment she was caused. I also understand that she views the matter of letting her flat (but for the claim and AXA's delays) would have been a very simple and easy thing, quick to achieve as soon the repairs to the bedroom completed. But, from my removed, impartial position, I think it's simply unlikely that, but for the claim and delays, that would all have come together in time. It may have done but I don't think the flat would have been a desirable prospect for tenants with the only bedroom in a poor state and that repair was still pending in October 2024. Ms G had told AXA she had to leave the property by 24 October 2024, and her accommodation abroad would begin in early November 2024. With the letting of the flat crucial to funding her trip. That would have allowed but a few weeks for those outstanding repairs in the bedroom to be completed, the flat advertised for letting, tenants found and all the paperwork, including any necessary insurance arrangements, to be completed. I know Ms G will disagree with me on this but trust she'll understand that I've reached this decision having considered all of the available evidence and submissions presented by both parties.

I apologise for any confusion caused by my reference to Ms G taking an "extended" break. I noted she'd explained she'd had to go away for Christmas due to the ongoing work which I took to mean she wouldn't normally have gone away – so the trip was 'extended' compared to normal. But as Ms G has pointed out, she was only away for nine days which is not a particularly long period of time.

Ms G has explained that the service she provides in her business doesn't experience a lull over holiday periods. I note she feels she's provided essential financial details that should allow an accurate assessment of loss. Having considered everything Ms G has said and reviewed everything she has provided, I'm not persuaded to change my mind on this point. Ms G has not been able to provide income details for a comparable period the year before and I wouldn't usually find reviewing income month to month a reliable way of knowing what would, but for an insurer's failings, have most likely have happened in any particular period.

In many instances where there is no data from a comparable prior period ie the same month the year before, I might find there's not enough evidence to substantiate any loss caused by the insurer. Here, given the detail Ms G provided and the circumstances which prevailed, I was satisfied to say AXA likely caused some loss. I appreciate my opinion on that level of loss is different to Ms G's view. But I am satisfied my finding is fair and reasonable.

AXA had offered £400 compensation previously. It was right that offer was recorded, albeit that AXA did not pay that sum to Ms G. AXA has highlighted that Ms G has only paid £433.33 of the £650 policy excess. Leaving £216.67 outstanding. If that is correct it would only be fair for me to say AXA can deduct that amount from the £750 I'm awarding as compensation for financial loss. However, if Ms G thinks she has paid the total excess sum, by making payments to AXA and/or its agents, she should show AXA evidence of that. In that instance it will have to pay the full sum I've awarded.

Putting things right

I require AXA to pay Ms G:

- £750 compensation for her income likely being affected in December 2024 – that is if Ms G can show AXA that she has paid the full £650 policy excess. But, if as AXA says, £216.67 of the £650 policy excess is outstanding, it will only have to pay £533.33 of this compensation sum.
  And;
- £750 compensation for upset caused by its failure to manage the repair programme as agreed. If AXA has paid the previously offered £400 already – which I note Ms G has said it has not – it need only now pay the difference outstanding.

My final decision

I uphold this complaint. I require AXA Insurance UK Plc to provide the redress set out above at “Putting things right”.

Under the rules of the Financial Ombudsman Service, I’m required to ask Ms G to accept or reject my decision before 2 October 2025.

Fiona Robinson
Ombudsman