

The complaint

Mrs C and Mr C complain that AXA Insurance UK Plc (“AXA”) unfairly declined to cover a claim they made on their property insurance policy.

Mr C has acted as the main representative during the claim and complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, as those of “Mr C”.

What happened

Mr C held a home insurance policy with AXA. He raised a claim in December 2023 after reporting his driveway was sinking and AXA instructed a contractor to inspect the property. AXA’s contractor carried out dye tests on a rainwater gully and concluded there was no leak. They also observed that a downpipe was discharging surface water across block paving rather than into the gully and concluded this had eroded the soil below. The report recommended no further works and AXA declined to cover the claim.

Mr C commissioned his own independent CCTV survey which found open joints, fractures, and displaced pipework in six separate runs. Repairs were recommended, including excavation and re-lining. Mr C sent a copy of this report to AXA and asked them to reconsider his claim; but they maintained their decision. Mr C felt this was unfair and raised a complaint.

AXA considered the complaint and maintained that Mr C’s report didn’t change their claim decision, but they did award £25 compensation due to delays in responding to Mr C’s concerns. Mr C remained unhappy with AXA’s response to his complaint – so, he brought it to this Service.

An Investigator looked into what had happened and ultimately recommended that the complaint should be upheld. She concluded that AXA’s investigation was incomplete and asked them to reassess the claim and pay £100 compensation. AXA did not agree with the Investigator’s recommendation. They said it was reasonable for them to only be expected to investigate the likely area of damage giving rise to the problem and they maintained their contractor’s report supported their decision to decline cover.

AXA asked for the complaint to be considered by an Ombudsman – so, it’s been passed to me to decide.

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.

Having done so, I’ve reached the same overall conclusion as the Investigator, and I uphold this complaint.

I want to start by acknowledging that I’ve intentionally summarised Mr C’s complaint in a lot less detail than he has presented it. No discourtesy is meant by this, and I want to assure

both Mr C and AXA that I have read and considered everything submitted in its entirety. But as an informal dispute resolution service, our role is to focus on the main issues of a complaint in order to reach a fair and reasonable outcome overall. And this means I have only focused my decision on what I consider to be the key points of the dispute.

As the complaint currently stands, Mr C says that cracked and displaced sections of drain allowed water to escape and wash away the sub-base beneath his driveway causing a large sinkhole to appear. AXA relies on their contractor's findings that there were no leaks identified, and that the damage was caused by a poorly configured rainwater downpipe that was discharging onto the surface of the driveway rather than directly into the gully.

I've considered the technical reports provided by AXA and Mr C. AXA's report shows the inspection was confined to the rainwater gully and downpipe, and a simple dye test was performed. I can't see any CCTV or air testing of the broader system was completed. So, I think the conclusion that there were no drainage issues, could only fairly apply to the section that was tested and not the rest of the underground network.

But it seems that AXA treated that finding as decisive and did not go on to review the further evidence of damage identified in the independent report Mr C provided. I find that that fell short of a reasonable standard expected of an insurer in handling a complex drainage claim. While an insurer may rely on expert opinion, they must still ensure the investigation addresses all likely causes of the reported problem. In my opinion, AXA's reliance on their contractor's report was narrow, and not consistent with that duty.

Mr C's report identified defects and open joints, fractures and deviations within the network of pipes below the driveway. It appears that AXA did not test or refute those specific findings, they simply said that the defects were age-related or irrelevant to the claim. Given the concerns raised by Mr C, I think AXA acted unfairly here and did not meet their requirements under ICOBS 8.1.1R, which requires claims to be handled promptly and fairly. I think a fair assessment would have been for AXA to have compared the two reports or arranged a joint inspection to resolve any discrepancies. I think that AXA's decision to maintain the declinature of the claim while ignoring the evidence Mr C had provided wasn't fair or reasonable.

In addition to considering the reports Mr C and AXA have submitted, I should also outline that where the evidence is incomplete, inconclusive or contradictory, I'm required to reach my conclusions on the balance of probabilities; that is, what I think is more likely than not to have happened based on the available evidence and the wider surrounding circumstances.

AXA has concluded that the problem was a design issue, and they've highlighted that the downpipe discharges water onto the paving rather than into the gully. But having considered the evidence provided, I don't think that AXA has demonstrated this is conclusively the only cause of the damage. Mr C has provided evidence of an identical downpipe at another location of his property which shows no erosion. And having thought about this very carefully, I'm persuaded on balance that this suggests the design alone isn't sufficient to explain the cause of the damage.

I've also thought about the proximity of the sinkhole, which Mr C says is less than half a metre away from the defective drain run, and the continuing washout reported by Mr C. He said he's had to temporarily fill the sinkhole with over 50kg of drain shingle for safety reasons. I think these events are inconsistent with AXA's assertion there was no leak, and given the ongoing issues, I'm not persuaded AXA's decline of the claim or conclusions around causation is fair or reasonable without a further investigation of the underground pipes.

AXA's internal claim notes also record that they accepted from the outset that drainage failure was a possible cause of the damage but then relied solely on the dye test to decline the claim. Their notes also record that no excavation or CCTV inspection was carried out because they did not believe this was necessary. And AXA accepted that position without further review, even when Mr C provided contrary evidence of fractured pipes with his contractor's report. I can also see AXA's claim notes record the damage as gradual; but I've not seen any technical evidence that supports this assumption. I think that once Mr C provided his own contractor's report, AXA should have arranged a comparison or follow up visit.

Because they didn't, I'm not persuaded this amounted to a fair or reasonable investigation of the claim. I should make it clear at this point that it is not my role to claim handle or determine whether the damage is covered under the policy. But I am satisfied the AXA's investigation of the claim was incomplete and it therefore follows that I think the rejection of the claim was premature and unfair.

In respect of the cracking Mr C has now reported; I agree that this was not something that was originally raised as part of the notification of the claim. AXA has said this should be considered as part of a new claim and not within the scope of the existing issues. But if the cracking has been caused by ongoing damage which should have been fixed earlier, I think it would be fair for AXA to include this in the scope of repairs. I do of course acknowledge the opposite would be true, should the larger claim not be covered by the policy. And in that case, I would consider it fair and reasonable for AXA to treat the cracking as a separate claim if Mr C raised it.

In respect of the conversation Mr C says he had with AXA's contractor who said they would return to repair the gully pipe; I'm satisfied the Investigator has already fairly commented on this point. I think this point lacks full confirmation of whether this conversation occurred, so I don't think it would be fair or reasonable of me to make a finding on it. I also note Mr C hasn't submitted anything further for me to comment on this aspect of the complaint.

Putting things right

I'm satisfied the fair and reasonable conclusion to this complaint is for AXA to reassess the claim, taking into account of both the contractors reports, and the further evidence of worsening subsidence and proximity of the sinkhole to the defective drain. Should AXA's reassessment confirm the drains were accidentally damaged and contributed to the damage, they should then deal with the claim in line with the policy's terms.

Additionally, I can see the Investigator previously recommended that AXA should pay £100 compensation. Having thought about the complaint and AXA's handling, I'm satisfied this is a fair and reasonable sum to put things right, in addition to requiring AXA to reassess the claim.

My final decision

For the reasons I have given, my final decision is that I uphold this complaint. I direct AXA Insurance UK Plc to:

- reconsider the claim, in line with what I've set out in the "Putting things right" section above and pay £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 10 December 2025.

Stephen Howard
Ombudsman