

The complaint

Mr and Mrs C are unhappy with the way AXA Insurance UK Plc handled a claim under their home insurance policy and about the settlement it offered them.

What happened

Mr and Mrs C thought they had a water leak as there was a wet patch in their garden. They instructed a specialist leak detection firm to find the leak and repair it. The job took two days and the total cost was £4,380.

In late July 2024 they made a claim to AXA to recover the cost of the work.

Over the following weeks Mr C chased AXA several times for an update. In September AXA offered them £193.10 to settle the claim. In October AXA paid £175 into their bank account. It wasn't explained to them how the sum of £175 had been calculated.

When Mr C complained, AXA explained that it would only settle the claim on the basis of what its own contractor would have charged to find and fix the leak. That amounted to £706.57 which was subject to the policy excesses. It apologised for the delay in dealing with the claim and the poor communication. It offered them £50 compensation for that.

Mr and Mrs C referred their complaint to this service. Our Investigator recommended it be upheld and that AXA should increase its compensation to £150.

AXA agreed to increase the compensation but it thought the costs Mr and Mrs C were claiming for were excessive. As AXA didn't agree, the matter has been referred to me. I issued a provisional decision explaining why I was minded to uphold the complaint in part. An extract from my provisional findings is set out below:

"I've looked at the report prepared by Mr and Mrs C's contractor to see what they did at the property. On the first day they found that closing the internal stopcock didn't shut off the cold-water supply to the house. So they replaced it in case it was faulty. It still didn't shut off the cold-water supply. They did various investigations in the house. They also used an acoustic machine around the wet area in the garden and heard water running.

They reattended a few days later and carried out further investigations which included the use of tracer gas which was pumped into the cold mains system. Then they dug up the wet area in the front garden to expose a water pipe, found the leak and fixed it.

AXA thinks the extent of the investigations was excessive. It says as water was pooling in soft ground some three to four metres from the external stopcock, the most cost-effective method of proceeding after the initial checks would have been to start digging in that area. This sounds sensible to me especially as the contractor said they could hear water running in this area and the acoustic machine could locate a leak to within a few inches of underground pipework. AXA also thought it had been unnecessary to replace the internal stopcock.

I'm not a claims handler nor am I an expert on trace and access costs. But based on my experience of this sort of claim, I think Mr and Mrs C's bill was at the higher end of what I expect to see. I think it was reasonable for AXA to rely on its supplier's opinion with regard to the extent of the works required.

The question of what such necessary works should cost is a separate issue. Mr and Mrs C's policy covers them for the "necessary and reasonable costs that you may incur tracing and accessing the source of damage to your Home or Outbuildings. This includes reinstating any wall, floor, ceiling, drive, fence or path removed or damaged during the search. Up to £10,000 per claim. Repair costs for the cause of the leak are limited to £250 per claim."

AXA settled the claim relying on wording elsewhere in the policy which says:

"We use approved suppliers to settle claims. If we agree to use a supplier of your choice, or if we settle direct with you, any payment(s) will take into account any discount we would have received."

The reference in the trace and access section of the policy to the costs incurred by a policyholder suggests to me that it is for the policyholder to arrange the works. With that in mind I don't think it was fair for AXA to limit the claim to what it would have paid its supplier for the necessary work. Instead I think AXA should settle the claim by assessing the necessary and reasonable costs Mr and Mrs C would have been likely to have been charged for the work which its supplier thought was necessary to trace and access the leak before repairing it (subject to applicable policy limits and excesses). That means it should ignore any discount it would have received.

There's no dispute that AXA's handling of the claim should have been better. In particular, there were unnecessary delays and poor communication. I agree with our Investigator that a total of £150 is reasonable to compensate Mr and Mrs C for the trouble and upset caused by its poor service."

AXA accepted my provisional decision. In summary Mr and Mrs C made the following points in response:

- AXA had interpreted their contractor's report in a way that was most favourable to it.
- Their property was an old listed farmhouse. The mains water pipe runs under solid flooring internally.
- It was reasonable for their contractor to rule out both an internal water leak and there being more than one water leak. In order to do so, they had to replace a faulty internal stopcock.
- They disputed my reference to the acoustic machine being able to locate a leak to "within a few inches" as they had been told it was a guide and the only definitive way to identify the location of the leak was to use tracer gas.
- Their contractor's costs were mainly for trace and access work and should be covered as "necessary and reasonable costs" under their policy.
- They didn't know how AXA could assess the costs which they would have been charged by its contractor for trace and access.
- They thought they should receive a minimum of 75% of their trace and access costs and all their repair costs up to the policy limit of £250.

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.

Mr and Mrs C have made a detailed submission to support their complaint which I have read and considered carefully. However, my findings focus on what I consider to be the key issues. If I don't mention a particular point, it isn't because I haven't thought about it but it's just that I don't feel I need to reference it to justify my decision.

This isn't meant as a discourtesy. But the purpose of my decision isn't to address every single point the parties have raised. My role is to consider the evidence presented by both parties to reach what I think is a fair and reasonable outcome based on the facts of the complaint.

As mentioned in my provisional findings, the policy covers the *"necessary and reasonable costs that you may incur tracing and accessing the source of damage to your Home or Outbuildings."* The only damage they had was a wet patch in their garden.

Mr and Mrs C's contractor carried out a pressure test. It said this detects a drop in water pressure which *"is a quick and obvious indication of a leak"*. They found a significant drop in water pressure during the test.

Their contractor carried out an acoustic test. In their report they describe this as follows:

"Specialist acoustic equipment is the most effective way of detecting water leaks underground. When water that's under pressure escapes from a leaking pipe it creates tiny vibrations. Using a highly sensitive microphone that's placed on the ground, these vibrations are amplified as sound."

Changes in the sounds detected along the survey line allow the position of a buried leak to be located to within a few inches."

The contractor found elevated readings in the front garden near the wet patch of ground. I think that should have been sufficient for them to start digging to expose the water pipe. When they did do so, they found a large pinhole in it. They replaced the leaking section of pipe. The water pressure then returned to normal.

The company which AXA used to investigate the claim is a specialist in the investigation and management of underground service claims. I can see that it reviewed the very detailed report prepared by Mr and Mrs C's contractor. I don't think it was unreasonable for AXA to rely on its specialist's advice and on balance I agree with AXA that the extensive investigations inside the property and the use of tracer gas throughout the entire cold mains could have been avoided. It seems to me reasonable that the contractor could have focussed on the obvious area of interest being the wet patch of ground and after exposing and repairing the section of leaking pipe, another water pressure test would have shown that there was no other leak present at the property.

That being the case, I don't think AXA treated Mr and Mrs C unfairly in saying that it would only pay for the work which its specialist thought was necessary. However, as mentioned in my provisional findings, AXA should settle the claim by assessing the necessary and reasonable costs Mr and Mrs C would have been likely to have been charged for that work (subject to applicable policy limits and excesses) and ignore any discount it would have received.

As neither party has objected to my proposed compensation award, I see no reason to change it.

My final decision

I uphold this complaint and require AXA Insurance UK Plc to:

- reassess the necessary and reasonable costs Mr and Mrs C would have been likely to have been charged for the work which its supplier thought was necessary to trace and access the leak and then repair it (subject to applicable policy limits and excesses) and pay any additional sum due to Mr and Mrs C plus interest at the rate of 8% from the date the first claim payment was made to the date such further payment is made; and
- pay Mr and Mrs C a total of £150 compensation for trouble and upset (less any sum already paid in respect of this).

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 23 December 2025.

Elizabeth Grant
Ombudsman