

## **The complaint**

A limited company, which I have referred to as M, complains about the decision of AXA Insurance UK Plc to decline the claim it made on its commercial insurance policy following a theft.

## **What happened**

The following is intended only as a summary of the events leading to this point. Additionally, even though other parties have been involved, for the sake of simplicity I have just referred to M and AXA.

M operates as, what I will refer to as, a construction business and held a commercial insurance policy underwritten by AXA. In May 2025, M was operating at a third party's premises, and left equipment overnight. Fencing was placed at the entry to the site, and secured to a post by a belt tie. Thieves entered the site and stole the equipment.

M claimed under the policy for this loss. However, AXA declined the claim. It said that M had not complied with the policy condition requiring M to ensure the equipment was:

“kept within a locked secure site or compound when the contract site is unattended.”

M complained, bringing its complaint to the Financial Ombudsman Service. However, our Investigator did not recommend that it should be upheld. He thought that using a belt tie was not sufficient to ensure the site was locked and secure. So, he thought it was fair and reasonable for AXA to rely on the policy condition to decline the claim. Our Investigator also thought that the £125 AXA had offered in relation to delays and communication issues was appropriate compensation.

M remained unsatisfied, so its complaint has been passed to me for a 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.

Having done so, I am not upholding this complaint. I've explained why below.

Firstly, I'll just reiterate that the above is intended only as a summary. Both parties have provided detailed submissions. Whilst I have considered all of these, in this decision I have not referred to each point made. Instead, I have focused on what I consider to be the key issues. This is not intended as a discourtesy, but rather reflects the informal nature of the Financial Ombudsman.

The issue at the heart of this complaint is whether the AXA acted fairly and reasonably by relying on the policy condition to decline M's claim in the circumstances. The main argument here is whether the fact the word “locked” is not defined within the policy means that M's use of a belt tie meets this requirement.

The interpretation of policy wordings needs to be based on what a reasonable person would take it to mean. I do not consider a reasonable person would consider the use of a belt tie in the circumstances to mean something was locked. My understanding is that the belt tie was strapping with a buckle. It could be removed by anyone without using a key or code, or the use of any force or violence. I do not consider any reasonable person would conclude this met a reasonable definition of locked. So, I consider M failed to comply with the policy condition.

The condition was found within the policy schedule, so would have been apparent at the point of sale. And I consider that the policy condition would most likely be interpreted by a court as a condition precedent to liability. The condition goes on to make it clear that failure to comply will mean claims will not be met. This means that where it has not been complied with, an insurer is able to decline the claim in full unless the policyholder:

“shows that the non-compliance with the term could not have increased the risk of the loss which actually occurred in the circumstances in which it occurred.”  
(Section 11(3) Insurance Act 2015.)

M has argued that other construction sites in the vicinity also suffered thefts over the same weekend. And it has said that a small padlock would meet the policy requirement – but would not have provided any more of a deterrent.

However, I am not persuaded by either of these arguments that the non-compliance could not have increased the risk of loss. The circumstances of the other thefts are not known, so – other than the fact that thieves were operating in the area – I do not consider this adds a significant amount. And an actual lock, even a small padlock, would have meant that it was not possible to casually enter the site. M has said that the equipment was out of sight, so I consider ease of entry could have made a difference to the risk of the loss occurring.

Ultimately, I am satisfied that it was fair and reasonable for AXA to rely on the policy terms to decline the claim.

It did take AXA around two months to inform M of its decision. And I consider this was longer than this ought to have taken. M has said it was also initially led to believe that the claim would be met. However, AXA has offered M £125 compensation for the claim handling issues experienced. And I consider this is adequate in the circumstances. I have borne in mind that M is a limited company and, as such, is not able to suffer distress.

I appreciate that M and its directors will likely remain unsatisfied. But, taking everything into account, I am not persuaded it is fair and reasonable to require AXA to do anything more.

**My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 6 March 2026.

Sam Thomas  
**Ombudsman**