

The complaint

M, a company, complains about a claim it made on its AXA Insurance UK Plc ('AXA') contractor's insurance policy.

M says that AXA caused considerable delay in dealing with its claim which led to it incurring losses. M wants AXA to cover those losses.

What happened

The details of this complaint are well known to both parties, so I won't repeat it here. Instead, I'll focus on giving my reasons for my 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 uphold M's complaint in the same way and for broadly the same reasons set out by the investigator in her latest view. Before I explain why I wish to acknowledge the detailed submissions made, particularly by M in this complaint. Whilst I've read everything M has said, I won't be addressing each individual point. That's not intended to be disrespectful, rather it is representative of the informal nature of the Financial Ombudsman Service.

The starting point is the policy terms. They don't offer cover for loss of rent for M's client in circumstances where M was responsible for damage that led to the client's property being uninhabitable. So, there is no cover that engages in this case for that. The issue for me to determine is therefore whether AXA's conduct caused M loss and if so, what they should do to put things right.

AXA have accepted that there were unnecessary delays on their part when dealing with M's claim. The investigator documented these in detail in her latest view, so I won't repeat them again save to say that I agree that the extent of avoidable delay was around three months in this case. So, if the claim had been dealt with promptly, as it should have, matters would have been resolved three months sooner than they were for M and its client.

I have also considered AXA's failure to tell M from the outset that claims for its client's loss of rent would not be met under the policy when M raised this query. AXA's failure to do so led to M raising this issue continually throughout the course of the claim and not receiving an answer on it until long after conclusion.

The two matters I have identified above are in my view AXA's failings in this case. So, I've gone on to consider what loss these caused. I appreciate that M's client has withheld funds from it. But this isn't in my view as a direct result of AXA's failure to deal with M's claim promptly. There would have always been a loss of rent claim for M to meet in this case if its client made one against it for the period during which its property was unoccupied, irrespective of any delays by AXA in dealing with the claim. And given the AXA policy didn't provide cover for this, M would always have been responsible for a period whilst AXA was

dealing with the claim. M has not however suffered any loss here because it has not paid its client anything in respect of AXA's delays in dealing with its claim. So whilst M argues funds have been withheld from it, I can't say this is definitively as a result of something AXA has done here. As such I'm not satisfied that AXA need to do anything more in respect of the retention of funds by M's client.

It is of course possible that a claim for loss of rents will later materialise against M by its client. As things stand M has raised the possibility of litigating against AXA if this occurs. That's not something I'm able to comment on here save to say that that is a matter for M if it wishes to pursue such action. My decision however is based on the losses M has suffered at the present time. And from what I can see M seems to be claiming for its client withholding funds because its property could not be rented (presumably at all) whilst repairs were ongoing and the rental loss itself. These are to my mind essentially claims for the same thing. The withholding of funds itself however is based on a breach of contract claim between M and its client which at present remains unresolved. It is not for me to determine liability in that case as it concerns M and its client and the terms of the contract between them. In the absence of any persuasive evidence to support that AXA are directly responsible here for that sum being withheld in whole or in part, I can't say they need to do anything further.

M has said that AXA should have pursued the contractor M engaged who caused the damage. That's not something AXA would do without properly investigating and concluding the claim under the terms of its policy. Rather any third-party recoveries AXA might have sought to make would have come after the claim was concluded. But either way this would not have made any difference to M in this case. AXA's obligations were to M under the terms of the policy, and it was up to AXA to determine whether they wanted to pursue the third-party contractor at all.

I turn now to compensation. It's clear that M were put to inconvenience in continually raising the issue of loss of rent with AXA for almost a year before AXA clarified this was not something covered by the policy. I don't agree that M is capable of suffering distress in this regard however, irrespective of the size and composition of the business. M is a limited liability company and as such cannot experience distress in the same way as a natural person. So, whilst its employees and Directors might have suffered distress, this is not something I can direct AXA compensates them for as they are not the same as the legal entity insured by AXA.

The delay in dealing with the claim in my view amounted to about three months. This caused M inconvenience in chasing the claim. I also accept that this impacted further on the strain in M's relationship with its client, further damaging its reputation and causing general operational disruption.

The investigator recommended AXA pay £600 in compensation for the failures I have identified above. I think this is appropriate and aligns broadly with compensation awards we would generally make in such circumstances. AXA paid M £450 in respect of these failures. My award increases the payment due to them by £150.

Putting things right

AXA should pay M a total of £600 in compensation for the delays and failure to clarify whether a loss of rents claim was possible at an early stage.

AXA have paid £450 in respect of this and therefore they need to pay M the remaining £150.

My final decision

For the reasons set out above, I uphold M's complaint against AXA Insurance UK Plc and direct them to put things right as explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 17 February 2026.

Lale Hussein-Venn
Ombudsman