

The complaint

Mr O is unhappy with the service provided by AXA Insurance UK Plc (AXA) following a claim for damage caused by escape of water made on his home insurance policy.

AXA is the underwriter of this policy. Part of this complaint concerns the actions of third parties instructed on the claim. AXA has accepted that it is accountable for the actions of third parties instructed by it. In my decision, any reference to AXA includes the actions of any third party instructed by AXA during the course of Mr O's claim.

What happened

Mr O's policy with AXA included the following settlement terms in the event of claim:

Buildings

If we offer to repair or replace your buildings this will be through our network of suppliers, but if we agree to pay you in cash, then payment will not exceed the amount we would have paid to our network of suppliers.

Any general renovation, structural and redecoration repair works carried out by contractors appointed by us are guaranteed for 12 months.

What happens if you cannot repair/rebuild my buildings?

If repair or rebuilding is not carried out, we will pay you the lower of:

- the amount by which the buildings have gone down in value as a result of the damage*
- the estimated cost of repair or rebuilding*

Mr O contacted AXA in January 2025, to make a claim following an escape of water in the main bathroom. Mr O explained that he'd had the leak repaired through another policy, but the escape of water had caused damage to the kitchen ceiling including water seeping through the spotlight. (Mr O also reported other claims which are not part of this complaint).

AXA arranged for its desktop validation team to complete a video call with Mr O and provide a scope of repair. The scope of repair recorded the reinstatement cost value as £887.51. Mr O's policy excess of £600 was deducted to give a total claim payout of £287.51. Mr O asked for AXA to arrange a physical inspection of the damage. This resulted in another scope of repairs being completed which recorded the reinstatement cost value as £675.46, giving a total claim payout of £75.46 after deduction of the policy excess.

Mr O said he'd like AXA to carry out the repairs. AXA said it couldn't offer this and instead asked Mr O to accept a cash settlement equivalent to what its contractors has scoped the claim value as. Mr O provided AXA with quotes for the work to be completed. AXA didn't

accept the quotes as it had concerns about the quotes not being on letterheaded paper, and/or including a full breakdown.

Mr O complained to AXA about the delay in concluding his claim. Mr O said he'd been unable to use cook in his kitchen as a result of the leak through the ceiling impacting his microwave/oven. Mr O asked for AXA to complete the works needed to conclude his claim, or pay him a reasonable cash settlement to allow him to arrange to complete repairs himself.

AXA said it would reconsider Mr O's costs if he provided a '*new, itemised quote from a reputable contractor that meets our criteria.*' Unhappy with AXA's response Mr A referred his complaint to us.

During our investigation AXA said it had considered Mr O's claim further and agreed there had been some service failings in its communications with Mr O. AXA offered Mr O £50 in recognition of its poor claim handling. AXA also said it had omitted the cost of bathroom sealant in its offer to Mr O. AXA said it would increase its settlement offer to £312.27 to reflect this. AXA also said it would consider further payment for the microwave/oven and disturbance allowance for the period this hadn't been working, subject to Mr O providing evidence of this loss as it wasn't included in the original scope of repair.

Mr O rejected this offer. The Investigator considered the evidence said AXA must do more to put things right. During our investigation Mr O provided an itemised repair quote for AXA to consider from a contractor he had found (H). The Investigator said as AXA had refused to carry out repairs for Mr O, it should settle Mr O's claim based on the quote Mr O had provided from H (minus the cost of the bath panel). The Investigator also said AXA should increase its offer of compensation to £100.

AXA rejected the Investigator's findings, saying the quote for repair includes eight spotlights when only one was reported as damaged at the time of loss. AXA also commented on the condition of the kitchen at the time of its contractor attending, and the bath panel included in H's quote. As the complaint couldn't be resolved it has been passed to me for decision.

I issued a provisional decision on Mr O's complaint. This is what I said about what I'd decided and why.

I'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that has happened or been argued is set out above, I've read and considered everything that has been provided. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it has affected what I think is the right outcome.

Having considered the evidence, I'm largely in agreement with the Investigator's findings for putting things right however some of the directions I've said are different to what the Investigator recommended. I've focused this final decision on the comments made by AXA in rejection of the Investigator's findings on the complaint.

There's no dispute that after AXA had put forward its offers of settlement to Mr O, he was happy to have the work completed by AXA. We generally expect an insurer to carry out work on behalf of a customer if this is their preference. If an insurer isn't able to offer this, we'd expect the settlement offer to reflect what it would reasonably cost its customer to have the repairs completed themselves. As long as any repairs quotes reflect incident related damage.

As AXA failed to offer Mr O the option to have the work carried out by its own contractors, I'm satisfied it was reasonable for Mr O to be instead paid a cash settlement equivalent to what it would cost him to have the work done himself.

AXA says Mr O failed to provide a breakdown of the costs from a reputable contractor. AXA hasn't raised any concerns about the most recent quote provided by Mr O in respect of contractor's authenticity or the way the repair cost has been presented. So, I think it's fair to say it accepts the quote on these points.

However, AXA has raised concerns with what has been included in the quote itself. AXA says the quote includes eight spotlights when only one was reported as damaged at the time of loss. AXA also commented on the condition of the kitchen at the time of its contractor attending. I've dealt with these points separately.

Spotlights

AXA hasn't provided the scope of work that was created for the reinstatement amount £675.46. So, I'm unable to see the breakdown of items that this included, in respect of materials and labour. I have seen the case notes for this scope of work refer to 'Electrical test (one light fitting not working).' So, it seems likely that only one light was reported as not working at the time of loss.

The Investigator recommended the scope of repairs include eight spotlights. I'm minded to say AXA only pay for one. This is based on the notes recorded when the claim was first reported. Should Mr O wish to include additional seven spotlights he'd have to cover the cost of this, including materials and labour, himself.

Historic damage

AXA has also commented on the more general condition of Mr O's kitchen in defending its position on the settlement amount offered. But I haven't seen any persuasive evidence to say that any part of Mr O's claim should be reduced or rejected because of the condition of Mr O's kitchen at the time.

I've seen that the contractor that attended Mr O's property recorded in the dictation that 'water then travelled down to the kitchen causing cosmetic damage to the ceiling, there is historic damage.'

However, there's no explanation about the historic damage, and its impact on the settlement amount offered. If AXA is relying on this evidence to reduce the settlement offered for the claim, I'd expect it to justify the deduction with reference to the likely cost of historic damage and how this impacts the settlement offered. I'm not persuaded the brief comments noting 'historic damage' explain why the settlement amount ought to be reduced. So, I'm minded to say AXA can't rely on these comments to reduce the overall settlement value of the claim.

Bath panel

I've reviewed the scope of works completed by AXA during the desk top validation, and after the contractor attended to Mr O's property. I haven't seen any reference to the bath panels being included in the scope of repairs.

I've also reviewed the quote Mr O sent to AXA early in the claim that AXA rejected at the time. I haven't seen any evidence to say that the bath panel was included in the quote Mr O provided to AXA at the time. I recognise it has been included in the more recent quote provided by H.

On balance I'm more persuaded by the evidence suggesting the bath panel shouldn't reasonably be included in the scope of the repairs. I say this because I haven't seen any evidence to support that it was raised as being incident related damage at the time of loss, or that Mr O included it when providing a quote for repairs to AXA early in the claim. So, I'm minded to say AXA can deduct the cost of the bath panel from H's quote when making a cash settlement offer to Mr O for the claim.

Oven

Mr O says AXA should pay disturbance costs and the cost of replacing his microwave/ oven as a result of not being able to use it because of AXA's dealing in settling his claim. Mr O has referenced having to buy take out meals and eat out because of AXA's poor claim handling.

AXA says Mr O has failed to provide evidence of the microwave/ oven being incident related damage, and that it would cover any costs once Mr O provides this evidence. AXA has relied on the comments from the desk top survey which record 'Looks to be previous crack repairs to area above cooker hood, but leak from bath waste is in central of ceiling, and to be in separate area.'

I've seen that when the contractor attended to scope Mr O's claim, it was recorded 'policy holder has advised he has been eating out as not used cooking facilities due to concerns over electrics.' AXA say Mr O ought to have taken steps to mitigate this loss by having the microwave/ oven repaired or replaced sooner. Mr O obtained a quote to replace the microwave/ oven however AXA's position at that time was 'Can't see why oven is damaged as this is a few meters away from the leak.'

I think AXA ought to have done more to properly investigate whether the oven had been caused damage in light of Mr O's concerns. Whilst I accept AXA's position about what Mr O ought to have done to mitigate his losses, I'm persuaded he did attempt to do this by providing AXA with the cost of replacing the microwave/ oven.

If AXA had concerns about whether Mr O was claiming for incident related damage, the onus was on AXA to arrange for an electrician or suitably qualified expert to assess the microwave/ oven and provide an opinion on whether there is damage, and whether that damage is incident related. I'm not persuaded by the evidence, namely AXA's comments from the case notes, that the location of the leak (without a proper inspection) is enough to justify refusal of this part of the claim.

AXA offered to consider further payment for the microwave/oven and disturbance allowance for the period this hadn't been working, subject to Mr O providing evidence of this loss. Given the time passed on the claim, I don't consider this is now a practical option. It's unlikely that any expert evidence obtained at this time would fairly reflect the condition and functionality of the oven from around the date of loss. I've instead considered this aspect of poor claim handling when deciding what overall compensation should be for Mr O's complaint.

Claim handling

It's not disputed that AXA failed to handle the claim as effectively as it could've. AXA failed to offer a fair settlement value after informing Mr O that its own contractors couldn't deal with the repairs, and the communication with Mr O was poor in parts about what would and would not be covered by the claim, and why.

I've also seen that it was noted several times that there were possible communication needs with respect to Mr C's understanding of the claim, and what was being explained. AXA could've done more to support Mr A with the claims process by explaining what was needed and why. I'm persuaded there were poor claim handling from AXA in failing to make a reasonable settlement offer at the start of the claim, and refusing to provide its own contractor when Mr C rejected the cash settlement. These failings added to the poor claim handling overall when dealing with Mr C's claim.

Having considered AXA's poor claim handling and the impact on Mr O I'm persuaded £300 compensation for distress and inconvenience is fair and reasonable and in line with what I'd direct in the circumstances.

This amount recognises the impact on Mr O as a result of raising issues with the claim which were not properly addressed, but also factors in the overall direction for putting things right which will result in Mr O receiving a settlement amount for his claim based on his own contractor's estimate. All things considered I'm minded to say the compensation amount of £300 is fair and reflective of the impact on Mr O.

Putting things right

For the reasons set out above, I intend to uphold this complaint. I intend asking AXA Insurance UK Plc to:

- 1. Pay the cost of repairs as set out in the estimate provided by H minus the labour and cost associated with seven spotlights and the bath panel (a new estimate will be required given the date of the estimate on file); and*
- 2. Pay £300 compensation for distress and inconvenience.*

My provisional decision

I am minded to ask AXA Insurance UK Plc to settle Mr O's complaint as detailed above.

The responses to my provisional decision

I invited both Mr O and AXA to respond to my provisional decision.

AXA responded and agreed with the provisional decision and provided some additional comments for further consideration on how it should put things right. Mr O responded and largely accepted the provisional decision but also provided some additional comments about the direction being made to AXA to put things right.

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.

AXA has explained how it would be fair and reasonable for it to settle Mr O's complaint using a previous estimate provided by Mr O earlier in the claim from A. The estimate from A wasn't itemised but the total cost was lower than the estimate referred to in the provisional decision from H.

I've considered AXA's proposal and reasoning. But I won't be directing AXA to settle the complaint this way at this stage. I say this because AXA has had sufficient opportunity to

engage with Mr O about his claim, and make an offer to settle it, but it didn't do this in a timely manner. I think a more practical option at this stage is for AXA to work with Mr O by explaining both options, clarifying what this would mean for the claim and what's included, and concluding the claim once Mr O has confirmed his choice on how he'd like to proceed.

I think it's fair for Mr O to consider whether he prefers for the claim to be settled in line with my directions from the final decision, or whether AXA's most recent proposal is his preferred option. I will leave it for Mr O to decide how he wants to proceed, and for AXA to conclude the claim accordingly.

Mr O has largely accepted the provisional decision. However, he has commented on AXA being responsible for paying for the cost of his microwave/ oven. I recognise Mr O's strength in feeling about this. But I'm satisfied my reasoning and direction for putting things right as explained in my provisional decision remains the fairest way to recognise AXA's poor service and the impact on Mr O.

I've considered the submissions from AXA and Mr O. But I don't think these comments materially change the outcome of Mr O's complaint, or my direction for putting things right. So, I'll be directing AXA to put things right as set out in my provisional decision.

Putting things right

For the reasons set out above, AXA Insurance UK Plc is directed to:

1. Pay the cost of repairs as set out in the estimate provided by H minus the labour and cost associated with seven spotlights and the bath panel (a new estimate will be required given the date of the estimate on file); and
2. Pay £300 compensation for distress and inconvenience.

My final decision

For the reasons provided I uphold this complaint.

AXA Insurance UK Plc must follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 11 December 2025.

Neeta Karelia
Ombudsman