

The complaint

Ms L has complained about the way AXA Insurance UK Plc (“AXA”) has handled a claim she made under her PrimeLet home insurance policy, in relation to subsidence damage at an HMO she owns.

Any references to AXA in this decision include its appointed agents.

What happened

Ms L owns an HMO property, which was insured by AXA at the relevant time. She made a subsidence claim under her policy in January 2023, when she noted damage to the front and back of the property, as well as to the bathrooms.

AXA initially concluded that there was subsidence-related damage to the rear of the property caused by clay shrinkage, due to moisture demand from nearby vegetation. But it later confirmed the cause of the subsidence at the rear of the property was defective drainage. In April 2024, AXA told Ms L it would only cover the damage to the rear of the property, but it excluded the front and middle sections, saying the damage wasn’t subsidence-related in those areas. So the claim for the drainage issues it had identified was taken forward, and this was resolved in June 2024.

Ms L disagreed with the limitation of cover, saying there was clear evidence of subsidence across the entire structure and that she shouldn’t have to make separate claims. She says she was given constant conflicting reasoning by AXA’s surveyor as to why the front of the property wasn’t included, but that the surveyor hadn’t even visited the property.

Ms L instructed her own independent structural engineer to reassess the situation. Despite not having access to all the information, Ms L’s engineer confirmed there was subsidence-related damage to the front of the property which was likely caused by clay shrinkage, and that subsidence was also affecting the rear of the property, though this was likely due to the damaged pipe. The engineer didn’t however suspect the damage to the bathroom was due to subsidence. AXA reviewed the engineer’s report but concluded that as there were likely two different causes to the movement at the front and back of the property, these would be considered distinct incidents of subsidence for which two excesses would apply.

Ms L made a complaint. She said the claims process was full of excessive delays and that AXA’s communication was poor. She said this had exacerbated the property’s deterioration and she’d incurred significant financial losses, including council fines due to issues with the property, £1,000 for the independent surveyor due to the inconsistent opinions she was receiving, as well as a loss of rental income.

In its response to her complaint, AXA acknowledged its handling of the claim could’ve been better as communication was poor. It offered Ms L £250 compensation which it later increased to £350. Ms L didn’t accept this and referred her complaint to the Financial Ombudsman Service for an independent review.

Our Investigator considered the complaint, and recommended AXA pay Ms L more

compensation to recognise how its actions had impacted her. AXA agreed but Ms L didn't, so the complaint was referred to me for an Ombudsman's decision.

I issued my provisional decision on 26 November 2025 and I've included an extract from it below:

"As this is an informal service, I'm not going to respond here to every point raised or comment on every piece of evidence Ms L and AXA have provided. Instead, I've focused on those I consider to be key or central to the issues in dispute. But I would like to reassure both parties that I have considered everything submitted. And having done so, I intend to uphold this complaint, but I'm minded to award more than our Investigator's most recent recommendations. I'll explain why.

The insurance industry regulator, the Financial Conduct Authority (FCA), has set out rules and guidance about how insurers should handle claims. These are contained in the 'Insurance: Conduct of Business Sourcebook' (ICOBS). ICOBS 8.1 says an insurer must handle claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and give appropriate information on its progress; and not unreasonably reject a claim. It should also settle claims promptly once settlement terms are agreed. I've kept this in mind while considering this complaint together with what I consider to be fair and reasonable in all the circumstances.

It's important to point out firstly, that in this decision I'm considering the events which took place between January 2023 when the claim was made, and January 2025 – the date of the final response from Davies Group on AXA's behalf, confirming that it felt it had addressed the complaint in September 2024.

AXA isn't responsible for the fact the property suffered from subsidence, and subsidence claims can take a considerable amount of time to resolve. So some of the things Ms L unfortunately experienced during that two-year period were a result of the subsidence damage to the property, which would've inevitably caused disruption, and inconvenience, even if AXA had done everything correctly and in good time.

That being said, I do consider AXA didn't progress the claim as well as it could've during that time. In particular, I've noted that there were some instances of poor communication and AXA has acknowledged this. Ms L has said she was often waiting weeks for responses and I can see, from considering what happened during the first two years of the claim, that there were avoidable delays of several months. Repairs could've reasonably commenced in July 2024 when the drains had been fixed and the vegetation removed, but didn't start until October to the back of the property.

AXA was also wrong to tell Ms L in its 31 July 2024 email that the damage to the front of her property wasn't subsidence-related. Davies Group's email said "we reassessed the area and determined that the crack pattern does not indicate subsidence movement. No further investigation has been conducted, as we are confident this is not subsidence-related and therefore falls outside the scope of our involvement". But by August 2024, it knew the damage to the front was caused by a separate incident of subsidence, so it should've assisted Ms L by setting up a new claim for her. This was never done.

I'm satisfied these delays and errors caused Ms L distress and inconvenience for which she should be compensated. I consider a further £1,150 compensation, in addition to the £350 AXA has already offered, to be a fair and reasonable amount in the circumstances. This brings the total amount of compensation in this complaint to £1,500.

In relation to AXA's mismanagement of the claim, Ms L says the rejection of part of her claim

was unjustified. But I don't consider AXA has acted unfairly by not dealing with all the subsidence as one claim, as the evidence suggests the subsidence to the front of the property wasn't as a result of the same cause as the subsidence to the rear.

I say this because the key reports all show that the subsidence to the front of the property was likely vegetation-related and the subsidence at the rear was caused by the drainage issues. I think it's fair in the circumstances for AXA to have considered dealing with the issues as two separate claims, so Ms L will need to make a new claim for the subsidence to the front of her property. I understand Ms L has since changed insurers, so she'll need to take this up with AXA in the first instance, if she hasn't done so already. If there are any further disagreements about which insurer is responsible for the claim, the handling of that claim, or anything else that happens going forward, Ms L will be entitled to raise a further complaint and to ultimately bring that complaint to this Service, subject to the usual rules and time limits that apply.

In relation to Ms L's financial losses, I haven't seen sufficient evidence that the loss of rent calculations were incorrect, and Ms L accepted those calculations in January 2025. Ms L has also asked for the cost of her independent engineer to be reimbursed. I've considered the engineer's report in detail and whilst it highlights the errors AXA initially made, it confirms that the bathroom damage was likely not caused by subsidence, and this supports the findings of Davies Group. But I'm persuaded that it was only after Ms L obtained her own report, at her own cost, that AXA changed its stance in relation to the damage at the front of the property. Whilst the damage couldn't be considered under the same claim, I do think more could've been done to help Ms L proceed with the claim for the front of the property.

Ultimately, Ms L was told to obtain a report, obtained it, and it confirmed what she'd thought, which is that the damage to the front was also likely subsidence-related. This contradicted AXA's findings in relation to the front of the property – because up until that point, AXA was still telling Ms L that the damage to the front wasn't caused by subsidence. So I think the report made a difference and AXA should reimburse Ms L for the cost of it, with interest.

Ms L has said the compensation recommended by our Investigator doesn't adequately represent the poor service, errors, stress and wasted time she's experienced. I've considered what she's said and I agree that she was caused a great deal of stress over a long period of time. I'm satisfied that £1,500 in total is in line with our approach in similar cases where the impact has caused substantial distress, disruption and inconvenience to a consumer, with the impact felt over a considerable length of time, such as over the two years I've considered in this complaint. So I consider the amount of compensation I'm intending to award to be fair and reasonable in the circumstances of this complaint.

As I've mentioned, any further complaints about events outside the scope of this decision can be raised with AXA directly. Ms L will then be able to bring a new complaint to this Service about any such issues, subject to the usual rules and time limits that apply."

Ms L replied to my provisional decision, providing a helpful summary of her concerns. She said at no point was it made clear to her that a separate claim for the front of the property would be needed, and that communication from AXA was often contradictory, leaving the issue of subsidence at the front of the property unresolved.

She added that the long-term implications were far more significant than the compensation suggested and that AXA should ideally be required to carry out a comprehensive investigation into the current and ongoing subsidence affecting both the front and rear of the property.

AXA didn't respond to my provisional decision by the required deadline, so I've reconsidered

the complaint and have now reached a final 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.

As neither party has provided information which has persuaded me to change my mind about the complaint, I'll require AXA to put things right in line with my provisional findings above, which now form part of this final decision.

I've thought about what Ms L has said – and whilst I appreciate the distress this situation has caused Ms L, I've explained in my provisional decision why the level of compensation I'm awarding is fair and reasonable in the circumstances. I've also had to bear in mind that Ms L doesn't live at the affected property, so the situation has impacted her as a property owner rather than as a resident. Whilst the impact has still been significant, I consider £1,500 compensation in total adequately reflects the impact the issues have caused her and is in line with our approach in similar cases.

Ms L wants AXA to carry out further investigations, but – as I've explained in my provisional decision – Ms L will need to make a new claim to AXA first, because the reports confirm the two subsidence incidents are likely due to different causes. Should there be any further issues or concerns about how AXA handles that claim, Ms L will be able to raise a new complaint.

Ms L has also provided this Service with evidence of the cost of her independent engineer's report (£600), and will need to let AXA know the date on which she paid the invoice for this report, so it can calculate the interest due.

Putting things right

AXA Insurance UK Plc should:

- Increase the amount of compensation payable to Ms L by £1,150, bringing the total amount of compensation for distress and inconvenience for this complaint to £1,500. From this amount, it may deduct any compensation it's already paid Ms L for this complaint.
- Reimburse Ms L for the cost of her independent engineer's report. It should also pay interest on this amount, at a rate of 8% simple per annum, from the date Ms L paid for the report, until the date she's reimbursed for it.

My final decision

My final decision is that I uphold this complaint and I direct AXA Insurance UK Plc to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 11 January 2026.

Ifrah Malik
Ombudsman