

The complaint

Dr B and Mrs B complained about the way AXA Insurance UK Plc dealt with a claim they made for flood damage under their buildings insurance policy.

Dr B and Mrs B are both party to this complaint. For ease of reference, I have referred to Dr B throughout this decision.

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 Dr B's claim.

What happened

In October 2023 Dr B made a claim for flood damage to his home. The facts of Dr B's claim are well known to both parties. So, I haven't repeated them in detail here. Dr B's claim was accepted. But AXA said it wouldn't carry out preventative works as this would result in betterment for Dr B.

Dr B contacted us. He said he'd applied through their local authority for a Property Flood Resilience grant, and had received £5,000 towards prevention costs. Dr B said the total cost of the work has left him out of pocket.

Our Investigator recommended upholding Dr B's complaint. The Investigator said the property without effective repairs is open to further flood damage, so AXA hasn't put Dr B back in the position he was before the damage. The Investigator didn't agree that by carrying out effective repairs, AXA was putting Dr B in a position of betterment. The Investigator recommended for AXA to meet the costs it is liable for in relation to flood damage and reimburse Dr B with interest at 8%. AXA didn't agree so the case has come to me to decide.

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.

I thank Dr B for taking the time to explain everything that has happened throughout the years when making his claim through his policy with AXA. I understand it has been a stressful time for Dr B. 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.

Dr B's policy with AXA provides cover for insured perils, such as storm or flood. The outstanding dispute relates to whether AXA needs to cover the cost of installing a ground drainage scheme externally around the property to prevent future flood damage.

I think there's no doubt that without effective repairs to Dr B's property, a future ingress of water would be inevitable. And Dr B has confirmed that this did happen. I appreciate that

AXA is of the view that any preventative repair work is an upgrade. But I don't think it is. The surveyor also identified the option to install a ground drainage scheme externally around the property as being a potential measure to restrict water from entering the property.

AXA says the damage claimed for is pre-existing. It has based this view on comments made by Dr B, and the contents of the site report of 24 October 2024. I'll deal with each in turn.

AXA has referenced Dr B's comments from an email of January 2025 where Dr B says '*There is need to do a lot of drainage outside as the study gets wet quite quickly when it rains.*' AXA says this statement suggests the damage is pre-existing, and further that the full email itself '*raises questions as to why the policyholder would not expect coverage if the damage or cause was due to the storm.*'

I've considered AXA's comments. But I'm not persuaded by this evidence that AXA has shown that the damage is pre-existing, and should be excluded under the policy. I say this because Dr B has explained his comments were made in reference to the two incidents of flooding that AXA dealt with under the same claim. The second incident happened shortly after Dr B had made his claim.

Given there's no evidence of the study suffering from water ingress before the storm conditions, I'm persuaded by Dr B's comments that his reference to '*the study gets wet*' was more likely concerned with the two incidents of water ingress that formed part of his claim, as opposed to any previous flooding. Further, given the circumstances and AXA's role in managing the claim, I think Dr B's question about the external damage being covered is a fair one.

AXA has secondly referenced the surveyor's site visit report of 24 October 2024. This report says '*None of existing rainwater pipes previously connected so water was washing back under property. All pipes are now connected to surface waste disposal system.*' AXA says '*This indicates that the drainage issues were longstanding and pre-existing.*'

We'd expect an insurer to provide compelling and persuasive evidence to support its reliance on a policy exclusion. I'm not persuaded AXA has done that here. AXA's reference to this exclusion at this time is unsubstantiated and not persuasive. AXA accepted the claim. From the evidence I've seen I don't think it's fair to rely on its 'pre-existing' exclusion under the policy to not pay for effective and long lasting repairs for the same claim.

Dr B hasn't made a claim for flood damage before – and there isn't anything to suggest otherwise, to show that the property wasn't built to conform with building regulations at the time. Keeping in mind Dr B's property is '*Dating from the mid/late 16th Century, the property is Grade II Listed per Historic England.*'

I agree that AXA's policy doesn't provide for betterment. However, we apply a fair and reasonable approach when looking at complaints and what the policy says. The principle of insurance indemnity is to provide effective and long lasting repairs. Occasionally this means repairs will involve repairing or replacing more than what was originally damaged. We think this is the most practical approach to prevent the same damage occurring again.

As there is a significant risk that the property will flood again if preventative measures are not put in place, I don't think any repair will be effective and lasting. This is because there would be no point in completing repair work which would require redoing after a short period of time, or on a regular basis. So, taking everything into account, I think a fair outcome is for AXA to meet the costs to provide effective and long lasting repairs under Dr B's flood damage claim.

Putting things right

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

1. Reimburse Dr B for the cost of flood damage repairs. AXA can deduct from this amount £5,000 received by Dr B as part of the Property Flood Resilience grant; and
2. AXA should pay interest on the reimbursement at a rate of 8% simple interest a year* from the date Dr B paid to the date of reimbursement.

*If AXA Insurance UK Plc considers that it is required by HM Revenue & Customs to take off income tax from that interest, it should tell Dr B how much it has taken off. It should also give Dr B a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold this complaint. AXA Insurance UK Plc is directed to follow my directions for putting things right as set out above

Under the rules of the Financial Ombudsman Service, I'm required to ask Dr B and Mrs B to accept or reject my decision before 15 April 2026.

Neeta Karelia
Ombudsman