

The complaint

Mr M complained that AXA Insurance UK Plc (“AXA”) caused long delays due to ineffective drying works following damage caused by an escape of water under his buildings insurance policy.

Mr M is represented by his brother also Mr M. I’ll refer to Mr M, the policyholder in my decision.

What happened

On 19 January 2024 Mr M found an escape of water had caused damage to his property. He contacted AXA to make a claim. The claim was accepted on 6 March after enquiries by the business to ensure the property was occupied in line with its policy terms. Mr M said drying works didn’t begin until 21 June. He said the property was confirmed as dry in August. He didn’t think it was dry and asked for this to be checked. AXA’s contractors then found the property was still damp.

Mr M explained that further drying work was arranged. On 18 December 2024 the property was then correctly certified as dry and reinstatement work could begin. Mr M complained that the drying work was unnecessarily delayed due to errors on AXA’s contractor’s part. He was able to stay with his sister, whilst the property was uninhabitable, but asked for travel costs to the property to be covered.

Mr M said he intended renting out his property as a holiday let in the summer of 2024. This wasn’t possible due to AXA’s delays. He requested compensation for the lost income.

In its final complaint response dated 23 December 2024 AXA acknowledged there had been delays in its handling of Mr M’s claim. AXA apologised and offered £150 compensation.

Mr M didn’t think AXA had treated him fairly and referred the matter to our service. Our investigator upheld his complaint. She said the drying process took too long without good reason and thought AXA was responsible for delaying the claim by six months. She said AXA should pay a total of £750 compensation, pay interest on its cash settlement to acknowledge the delay it caused in paying this, and consider the travel costs Mr M had incurred.

Our investigator didn’t accept there was sufficient evidence to show Mr M had lost out on rental income.

Mr M didn’t accept our investigator’s findings. He maintained the property was intended to be let out of the summer in 2024 and asked for this to be reconsidered by an ombudsman. The complaint has been passed to me to decide.

I issued a provisional decision in December 2025 explaining that I was intending to uphold Mr M’s complaint. Here’s what I said:

provisional findings

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 my intention is to uphold Mr M's complaint. I'm not persuaded that AXA should pay for lost rental. And I understand this will be disappointing to Mr M. But I'll explain why I think my decision is fair.

Some element of disruption is unavoidable in situations such as this. But we expect insurers to handle claims effectively to prevent avoidable delays and disruption. I've focused on this here.

The claim records show that AXA had concerns about the occupancy of Mr M's property. If the policy hadn't been occupied in line with its policy terms this could mean the claim was refused. Mr M explained that the property was used as a holiday home. I can see this is confirmed in the policy documents.

AXA's policy terms define unoccupied as:

"Your Home isn't Furnished or it hasn't been visited by you or your guests for more than 30 consecutive days."

The records show Mr M provided further evidence of the property having been visited. AXA eventually accepted that the use of the property had met the policy requirement for it to be 'occupied'. This was confirmed on 6 March 2024 so just under seven weeks after the claim was made.

All insurers must validate any claim made against one of its policies. From what I've read there were valid concerns around whether the occupancy condition had been met. Mr M was able to satisfy AXA that he had complied with its policy terms. But this did require some time to investigate and the provision of information from Mr M. Based on what I've read although clearly not ideal, the delay in accepting liability for the claim was justified by the need to validate cover was in place. So, I don't accept that AXA delayed the claim here.

A contractor was appointed by AXA shortly after it accepted liability for the claim. But it took three months before the drying and strip-out works began on 21 June 2024. I can see no justification for it taking this long before work started to dry the property.

I note Mr M's comments that the strip-out didn't include all the areas set out in the agreed scope of works. I can see that the kitchen units and tiles were included in the original scope. But these items were not removed during the first period of drying. The property was originally confirmed to be dry at the end of August 2024. Mr M highlighted his concerns with AXA that the property remained damp. A further inspection was carried out in early October which revealed that significant dampness remained in the property, with the kitchen in particular. The records show that another leak was suspected given the significant damp that was found. But no other leak was identified by AXA's contractors.

The damp report completed in October 2024 referred to wet and mouldy walls in the kitchen, along with mould behind the fridge freezer. Mould was also found under the dining room floor and treatment was proposed for the floor joists on the ground and first floors.

This information shows the property wasn't dry, when it was certified to be, in August 2024. We asked AXA for comment on why the property was certified as dry when it wasn't. It responded to say this was an unforeseen complication. Once the damp was identified it took action to arrange further drying.

Based on this evidence I think AXA's contractor failed to identify that damp remained in the property at its inspection in August 2024. The smell of damp was still present and on re-inspection significant damp remained. The indication is this was at least partly because the intended strip-out works in the kitchen weren't adequately completed back in June. The property was eventually certified as dry on 18 December.

I think the evidence reasonably shows that AXA's contractor(s) failed to carry out drying work effectively. This added around three and a half months to the overall drying period. When considering the initial delay in starting to dry the property this comes to around seven months of avoidable delays.

During this period Mr M was unable to stay at the property as he usually would during the week. It took several attempts and some time and effort to ensure AXA took action to ensure the property was dry before reinstatement work began. This caused inconvenience and frustration. In these circumstances I agree with our investigator that AXA should pay Mr M compensation. But I think there is scope for a higher award. Given the extent of the delays and lack of apparent care taken by AXA's contractors, I think the impact this had on Mr M justifies a total payment for £1,000, inclusive of the £150 already paid. Reinstatement work couldn't begin until 2025, which is around a year after the claim was first made. This is a long time to be without use of the property due to unnecessary delays.

I've thought carefully about the losses Mr M said he incurred because the property couldn't be rented out over the summer in 2024. I agree that AXA is responsible for its contractor's work and any delays they create. But I must also be satisfied that there is genuine loss for the business to cover here. Prior to the escape of water, the property was occupied by Mr M. He said he stayed during the week for convenience whilst he was working. He then stayed with his sister at the weekends. The property wasn't let out at this time.

Mr M supplied a quote from a builder he contacted in July 2024 in preparation for the reinstatement works. In the quote the builder said, "You told me that you wanted to rent out the property when the renovation works were completed". The builder then sets out the minimum standards that had to be met regarding the electrics, gas safety and other requirements relating to rental properties.

I acknowledge the reference to a conversation about renting the property. But this isn't firm evidence showing the property would be put up for rent. Nor is it evidence that the property would be successfully let. For me to award the lost rental Mr M has asked, I need to be satisfied that a financial loss has occurred. From what I've read, I'm not persuaded of this. It also isn't clear that reinstatement/renovation work will have been completed in time for property to be let out over the summer months – even excluding the delays. Because I'm not satisfied there is evidence to support an actual financial loss I won't ask AXA to pay the amount Mr M has requested.

I can see that AXA agreed to cover Mr M's travel costs for travelling to the insured property between July 2024 and January 2025. These trips were necessary to meet with contractors. From what I can see these journeys were made by Mr M's representative. However, I think it's fair that these costs are refunded as it's arguable that the works should have completed sooner, which will have negated the need for these journeys. These journeys were made on Mr M's behalf, so the cost should be refunded to Mr M for him to do with as he sees fit. AXA agreed to pay £288 broken down at 45p per mile for 640 miles. I think this is fair.

I asked Mr M if he incurred additional costs travelling to work given that he'd been staying at the property (pre-loss) whilst he was working. He responded to say that he was able to stay with a relative until permanent accommodation was found. Mr M said he isn't claiming any

travel costs in this respect.

Having considered all of this I don't think AXA treated Mr M fairly when handling his claim. For the reasons explained it should pay him a total of £1,000 compensation to put this right along with 8% interest on the delayed cash settlement. But I'm not persuaded that it should pay his request for a loss of rental income.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

AXA responded to say it accepted my provisional findings.

Mr M responded to say that he did not agree with my decision not to award loss of rental income. He said it was a direct result of AXA's poor claim handling that a loss was made. Mr M referred to the evidence he'd previously sent to support his argument.

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'm not persuaded that a change to my provisional findings is warranted.

In my provisional decision I said I must be satisfied that a genuine financial loss has occurred to make an award. But having considered Mr M's further comments I'm not persuaded it has.

Mr M was staying at the property when the escape of water was found. So, it wasn't being rented out at this juncture.

Mr M provided a builders quote that makes reference to Mr M saying he wanted to rent out the property. But as I explained in my provisional decision, there is little to support the intention for the property to be rented out. Or to show that this would have been possible over the summer given the works required.

So, although I'm sorry to disappoint Mr M, I'm not satisfied that he's reasonably shown that lost rental income should be a consideration here. This means I won't be changing my provisional decision, which will now become my final decision.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that AXA Insurance UK Plc should:

- pay Mr M a total of £1,000 compensation;
- pay 8% simple interest on the delay in cash settling the claim for the period 1 August 2024 until this payment was made; and
- pay Mr M £288, if it hasn't already, to cover his travel costs.

*If AXA considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr M how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 13 February 2026.

Mike Waldron
Ombudsman