

The complaint

Mr C complained that AXA Insurance UK Plc (“AXA”) handled his flood damage claim poorly and dealt with it unfairly on a proportional basis, under his home buildings insurance policy.

What happened

Mr C’s property was flooded in January 2024. He said he took mitigating action to ensure damage was minimised, which required a lot of effort on his part. Mr C made a claim to AXA, which it accepted, but it told him he was underinsured. This meant it would only pay a proportion of his losses. Mr C didn’t think this was fair. He said AXA’s estimates for the rebuild cost of his home were wildly inaccurate.

Mr C said that he was left to manage the claim, which was both time consuming and costly. Additionally, he said he wasn’t told until a late stage that damage to his garden was excluded from cover. Because he was dissatisfied, he complained to AXA.

AXA sent Mr C four complaint responses. The first was in July 2024 and the last was sent in January 2025. The business maintained its decision to settle the claim on a proportional basis. It confirmed Mr C’s policy didn’t have cover for his garden. It also confirmed that it would not pay for any mitigating action Mr C took or for his time. It said he was expected to cooperate with its reinstatement work when dealing with his claim. AXA paid a total of £275 in compensation for some delays and complaint handling issues it identified.

Mr C didn’t think AXA had treated him fairly and he referred the matter to our service. Our investigator didn’t uphold his complaint. He said the cover provided by Mr C’s policy was confirmed in the documentation he was sent. He thought the approach AXA took to settling the claim was fair based on AXA’s underinsurance concerns. And that the compensation it paid was reasonable for the delays highlighted.

Our investigator said that although Mr C had more recently provided a new surveyor’s valuation for his home – this would need to be referred to AXA separately and dealt with under a new complaint if he wasn’t satisfied with its response.

Mr C didn’t accept our investigator’s findings and asked for an ombudsman to consider his complaint.

It has been passed to me to decide.

I issued a provisional decision in December 2025 explaining that I was intending to not uphold Mr C’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 not uphold Mr C’s complaint. I’m sorry to disappoint him.

But I will explain why I think my decision is fair.

I've split my decision by the issues Mr C complained about.

Underinsurance

Mr C said he was "fined" by AXA by around £30,000. This was because it thought the sum insured for his property was inadequate.

To clarify, when taking out buildings insurance a maximum policy limit is applied. This is called the sum insured. This must be set at a level that reflects the total rebuild cost, should a rebuild ever prove necessary. This must include demolition costs and professional fees, such as the fees for an architect. If the sum insured is inadequate, then an insurer may look to settle a claim on a proportionate basis. It is this proportionate settlement that Mr C is referring to as a fine.

I've read Mr C's policy terms and conditions. This confirmed his sum insured should cover the full rebuilding cost for his home, inclusive of the removal of debris and professional fees. So, I'm satisfied he was made aware of this requirement.

Under the heading "Settling Claims" Mr C's policy terms say:

"5. Proportional remedy

If, at the time of any loss or damage, the buildings sum insured is not enough to reconstruct your buildings we will proportionally reduce the amount of any claim payment made by the percentage of under payment of premium which has arisen as a result of the shortfall in the sum insured. For example, if the premium you have paid for your buildings insurance is equal to 75% of what your premium would have been if your buildings sum insured was enough to reconstruct your buildings, then we will pay up to 75% of any claim made by you. If, however the correct sum insured is shown to exceed our acceptance terms and criteria we may refuse to pay your claim."

AXA hasn't refused to pay Mr C's claim, but it has settled it on a proportionate basis. I've read the statement of insurance document Mr C received when the policy renewed. It confirmed the sum insured was set at £686,335. Underneath the sum insured the following information was provided:

"The buildings sum insured must be sufficient to cover the full rebuilding cost of the home including VAT – it is very important this is correct as otherwise any claim may not be paid in full. The rebuilding cost will usually be shown on any valuation or survey prepared by a Surveyor; alternatively, please see [website] for further guidance. The market value of your home or the Council Tax band valuation has no direct relationship to the rebuilding cost of your home."

I'm satisfied from this that the importance of the sum insured was made clear to Mr C. I can also see that his insurance broker contacted him to confirm whether the sum insured was adequate. He responded to say it was.

Following Mr C's claim AXA obtained two survey reports. One gave the rebuild cost at close to £1.5m. The other confirmed a rebuild cost close to £1.7m. Mr C provided a report using a residential rebuilding cost calculator. This calculated the rebuild cost for his home at £550,000. Clearly this is some way below AXA's estimated rebuild cost. However, the calculator gives several caveats. It said the calculation provides a reasonable estimate for a good quality house with typical facilities. However, Mr C's house has features such as a

small indoor swimming/exercise pool. AXA also referred to a shower/sauna room. I don't think these features reasonably fall under the category of typical facilities. Mr C's rebuild calculator also confirmed its estimate was based on a house built around 1930. The survey reports AXA provided date the property from the 1500's with some alterations and extensions in the 20th century. This is reaffirmed in the later survey Mr C commissioned.

The calculator Mr C used said for a property with special or unusual features professional advice should be obtained with respect to the rebuilding cost. It also confirmed the calculation had been made using minimal information – and provided a list of local surveyors capable of carrying out professional rebuild calculations should Mr C need this.

Mr C obtained a surveyor's report after AXA confirmed it would be settling the claim on a proportionate basis. The report confirmed a rebuild cost for £736,000. Our investigator didn't think he could consider this information. This is because it was received after AXA's complaint response. But this does relate to the crux of the dispute. So, I asked the business to provide its comments.

AXA responded to say the square footage detailed in Mr C's survey only appeared to include the ground floor, whereas his property has two floors. I can see the area used by AXA's surveyors in their assessment refers to a significantly greater area. I note Mr C's comments that one of these surveys took place without his knowledge and without access inside his property. However, it's clear the surveyors did have access to the grounds. This allowed them to obtain the relevant measurements.

AXA commented that Mr C's surveyor valued the external aspects of the property at a much lower rate. It said that its surveyor stood by its figures. Additionally, it said there was no reference to demolition or professional fees in the rebuild costs Mr C's surveyor provided. As I set out earlier the sum insured must include demolition, which reasonably includes the removal of debris, as well as professional fees.

I've carefully considered the survey reports. I don't think the calculator Mr C used was suitable to provide an accurate rebuild figure here. This is clear from the caveats set out about non-typical features. In addition, the assumption was made that the property was built in 1930. When in fact the original building was built several hundred years earlier. The indication being that Mr C needed to seek professional advice when confirming his sum insured. Similarly, the survey report he obtained appears to significantly understate the total area of his property. And makes no mention of demolition costs or professional fees.

Based on this information I don't think Mr C gave an accurate figure for his sum insured, and I don't think the survey he provided more recently, gives an accurate rebuild estimate either.

AXA used the lower rebuild cost it obtained for the sum insured when assessing the premium Mr C should have paid. I think it was fair to use the lower rebuild cost in these circumstances so as not to disadvantage Mr C.

I note Mr C's comments that AXA referred to tennis courts on his property. He doesn't have any tennis courts. I understand this caused him concern that AXA had inflated the rebuild cost by including this facility. However, the business has since clarified that this was an error. It said this should have been referred to as an example of non-standard features, not worded as though Mr C's property benefitted from tennis courts.

The survey reports don't include rebuild costs for tennis courts. So, I'm satisfied that this cost wasn't included in the rebuild calculations for any of the calculations provided.

I asked AXA to provide some commentary on the underwriting calculation it had sent to

support its proportionate settlement. It responded with an explanation of how this was calculated. Based on this I don't think AXA treated Mr C unfairly when it applied a proportionate settlement, or that it used an unfair figure.

Garden claim

Mr C raised a concern that the damage to his garden wasn't included in his claim. More specifically that he wasn't told about this until late in 2024.

I can see that Mr C's policy included cover for his garden under "buildings and tenants improvement cover". However, there is an exclusion. This is for, "Loss or damage caused by storm, flood or weight of snow to gates, fences and hedges".

AXA's loss adjustor confirmed there was no garden cover for the claim Mr C had made for items "such as reseeded, and fence repairs". The terms are clear that fence repairs are excluded. I asked AXA for more details about Mr C's claim for the garden damage, and for it to show that these items are reasonably excluded from cover. It responded with further information about what was considered with regards to the garden. This included the damage to the lawn, and the work Mr C had proposed was needed to reinstate this area. The loss adjustor noted that the lawn was generally in a 'fair' condition. It was noted that most of the quote Mr C had provided related to scarifying. The loss adjustor didn't consider work on the scale proposed was justified.

Based on what I've read reasonable consideration was given to the damage in Mr C's garden. This included the repairs Mr C had proposed. I'm not persuaded from this that AXA unreasonably declined cover or failed to consider Mr C's claim fairly. I'm sorry he was frustrated that this information wasn't provided sooner. But, overall I've not seen evidence that Mr C was treated unreasonably.

Cost of dealing with the claim

Mr C has described the actions he took to limit the damage caused by the flood. He said this prevented water seeping into the fabric of his property. Had he not done this he explained that the claim cost will have been significantly higher.

Under his policy terms Mr C is required to prevent loss or damage occurring to his property. He must also cooperate with AXA to allow it to validate and then deal with the claim. It's clear Mr C took appropriate action when the flood occurred. I've read his comments as to the time and effort he expending doing this. He said he worked solidly for seven weeks to fix the problems caused by the flooding. He also said that the business was much slower to act on his claim, which would have allowed greater damage to occur.

In his complaint Mr C asked AXA to pay him over £100,000 for the time he spent dealing with the flood damage. I acknowledge the action he took allowed him to return to his home quickly and likely reduced the drying and reinstatement work that was required. But that said, AXA is required to indemnify Mr C for his insured losses under the cover provided by his policy. From what I've read, that is what it did. Mr C acted himself to try and minimise the damage and facilitate his quick return. But there is no requirement under his policy terms for AXA to pay for the time he spent dealing with the problems caused by the flood. I can't see that AXA agreed for Mr C to do this. Rather this was something he chose to do independently of AXA. So, although I can empathise with the issues Mr C faced when his home was flooded, I can't reasonably require AXA to pay him for time spent dealing with the problems caused by the flood.

Customer Service/Delays

The Financial Conduct Authority (FCA) dispute resolution or DISP rules determine what complaints we can investigate. The rules say that a complaint must be referred to our service within six months of the final complaint response from the business. AXA sent Mr C four complaint responses in total. The first was dated 30 July 2024. Mr C referred his complaint to our service in March 2025. So, I can't consider the customer service/delay issues for the period up to the end of July 2024. But I can consider the period from July 2024 onwards.

In its June 2024 complaint response AXA paid Mr C £175 compensation. As discussed, I'm not considering this here. It paid a further £100 for complaint handling issues in its October 2024 response. Complaint handling isn't a regulated activity so, I'm not able to consider issues with how Mr C's complaint was handled.

AXA didn't think it had handled Mr C's claim poorly. It referred to the need to validate the claim as well as the issues with his underinsurance that required further time and correspondence to resolve. I think it makes a fair point.

In its complaint responses AXA replied to Mr C's comments that he had little contact with its claim's team. It said it appointed a loss adjusting agent to deal with the claim. This is why most of the contacts were through its agent.

I've read the claim records. From what I can see a large part of the time spent settling the claim related to the underinsurance issue. I acknowledge Mr C has strong views that AXA inflated the rebuild cost of his property. But for the reasons already discussed, I can't agree that he has shown this to be the case.

Mr C facilitated the initial clean up and drying work. I acknowledge what he said about AXA and its agent acting slowly to progress the claim. But from what I've read the delay in reaching a settlement was largely because Mr C disagreed that his property was underinsured.

This has no doubt been a very upsetting and stressful event for Mr C to contend with. By no means is my intention to diminish the impact all of this has had on him. Dealing with the aftermath of a significant flood incident will cause disruption. My focus has been whether AXA's handling of the claim has resulted in unnecessary and additional disruption for Mr C. Based on what I've read I've not seen evidence that it has.

Having considered all of this, although I'm very sorry Mr C's home was badly damaged by a flood, I don't think AXA acted unfairly when it relied on its policy terms to settle the claim in the way it has. So, I can't reasonably ask it to do anymore.

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 didn't respond with any further comments or information for me to consider.

Mr C responded at length to explain why he disagreed with the decision I had reached. He said the way in which I described the mitigation work he completed immediately after the flood was "insulting" and "patronising". Mr C has provided a detailed breakdown of why he disagrees with my findings for each point covered in 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've not seen anything in the further comments Mr C provided that persuades me a different outcome is warranted. Again, I'm sorry to disappoint him and I understand the strong views he holds about AXA's handling of his claim. But I'm satisfied my decision considered all of the evidence and circumstances fairly.

I've read all Mr C's further comments carefully. The points he has made largely reiterate the arguments he originally put forward, which I considered and addressed in my provisional decision. I don't see a benefit in repeating here the considerations already set out in that decision. Suffice to say that I acknowledge the considerable effort Mr C made to ensure his property was returned to a liveable state as soon as possible. But I don't accept that this shows AXA treated him unfairly.

In his further comments Mr C said that he accepts there was some degree of underinsurance. But he maintains it was not to the degree AXA identified. However, I'm satisfied the valuation AXA used was fair and explained in my provisional decision why I didn't think Mr C's valuations were accurate. I've not seen anything that changes my mind on this point.

Mr C said that in my provisional decision his surveyor's valuation couldn't be taken into account because it postdates AXA's final response. However, the reason I issued a provisional decision is because I did consider his surveyor's valuation, whereas our investigator hadn't. This allowed both parties the opportunity to read what I'd said about the valuation and provide any further comments or evidence. I explained this in my provisional decision and so I'm satisfied this was made clear to Mr C.

I note Mr C's reference to being threatened by AXA when he discussed the possibility of a documentary depicting his claims experience. However, I have no information to support that he was spoken to unreasonably in this regard.

In summary, although I'm sorry Mr C is unhappy, I'm satisfied that the outcome set out in my provisional decision was fair and reasonable. I've not seen anything to warrant a change. So, this now becomes my final decision.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that I do not uphold this complaint.

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

Mike Waldron
Ombudsman