

The complaint

Mrs B complains AXA Insurance UK Plc unfairly declined a claim against her home insurance policy.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them here. Instead, I will focus on the reasons for 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.

Mrs B had a home insurance policy with AXA. She made a claim for an escape of water. AXA declined the claim as it said the policy excluded cover for damage caused gradually and due to faulty design/workmanship. Mrs B doesn't think this is fair because she says she didn't know there was a problem and therefore couldn't have prevented the damage.

I'm satisfied the damage was caused gradually and due to faulty design/workmanship. I say this because the evidence shows a downpipe had been moved during extension works prior to Mrs B's property ownership and had been installed incorrectly leading to a build-up of limescale which caused a blockage and the overflow of wastewater.

The policy provides cover for damage caused by an escape of water (as most policies do), but damage caused gradually or due to faulty design/workmanship is excluded (as with most policies). So, under a strict application of the policy terms to the circumstances of the claim, AXA can rely on the exclusions to decline it.

Mrs B argues this isn't fair and reasonable because the extension was completed by the previous owner, she thought the property was in good condition, she didn't know there was a problem, and it only came to light there was damage when water marks on the kitchen ceiling and drainage issues led her to instruct a plumber to investigate.

I don't find it's fair and reasonable for AXA to rely on the exclusions to decline this claim because I'm satisfied it's more likely than not Mrs B wasn't aware (and couldn't reasonably have been aware) of the damage happening, and therefore she didn't have an opportunity to prevent it, and I don't find she should lose out as a result. It follows I uphold this complaint.

The Investigator said AXA should disregard the two exclusions and reassess the claim against the remaining policy terms and conditions. I find that's fair and reasonable. But I understand Mrs B may have since completed some work. If so, AXA will need to include simple interest on any payments she's made which AXA reimburses as part of the claim.

The Investigator also said AXA should pay Mrs B £250 compensation. I find that's fair and reasonable too. Mrs B made a claim which AXA should have accepted and supported her

with. Instead, she's had her claim unfairly declined and therefore had the distress and inconvenience of having to deal with matters herself.

My final decision

I uphold this complaint and require AXA Insurance UK Plc to:

- Disregard the two exclusions and reassess the claim against the remaining policy terms and conditions. If AXA reimburses money Mrs B has already paid it should include simple interest* at 8% a year from the date Mrs B made a payment until the date of settlement; and
- Pay Mrs B £250 compensation in recognition of the distress and inconvenience caused.

*If AXA considers that it's required by HMRC to deduct income tax from that interest, it should tell Mrs B how much it's taken off. It should also give Mrs B a tax deduction certificate if she asks for one, so she can reclaim the tax from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 11 March 2026.

James Langford
Ombudsman