

complaint

Mr and Mrs M are unhappy with payments AXA Insurance UK Plc has made to them in settlement of their house insurance claim for damage to their property.

background

AXA paid Mr and Mrs M money to settle their claim. Further damage was found and, based on an estimate received for fixing this damage, AXA finally made another settlement offer of £27,000 which included an amount for the family to stay elsewhere.

Mr and Mrs M said this didn't account for fixing their stairs and the dimensions of the patio were too small. They said they hadn't been paid for oil and electricity used. Mr and Mrs M were also unhappy – they'd stayed, with the three children, in a hotel for about 12 weeks at a cost of £10,920. AXA had allowed £4,665 within the £27,000 settlement for this. They said they'd had additional food costs and the like too. AXA said it had paid enough, hadn't delayed the claim and wasn't going to pay anymore.

Our adjudicator felt this complaint should be upheld and he told AXA what payments he felt it had to make to put things right. Including £800 compensation. AXA disagreed. It said Mr M had made this claim difficult from the start and explained everything its loss adjuster had said it had told Mr and Mrs M. Our adjudicator noted that no evidence was provided to support this testimony.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

AXA knows that it has to support its position with evidence. That's not to say we won't take account of what we are told is "said" during a claim but one person's word over another's is not usually something we'll rely on.

What we do know is that a fairly comprehensive repair estimate was done for £32,153.49. It didn't include fixing the stairs which another estimate, which was less comprehensive in other ways, did allow for. There's no explanation for this beyond the loss adjuster saying the stairs weren't damaged but there's then no explanation for why the other estimate includes £1,000 for their repair.

Mr M says the patio has been sized wrongly. AXA hasn't shown me any proof, beyond the loss adjuster's word to the contrary, that this isn't the case.

Mr and Mrs M had extra utility costs, £785.14. AXA has said it'll need to verify these. This is something it should have done earlier in the claim.

Mr M and his family did stay in a hotel for around 12 weeks (the exact number of nights isn't clear). They say the cost was £10,290 (£130 per night). AXA says this was Mr M's choice and that he could have used its property finding service to get a house, the cost of which its settlement (£27,000 in total) had allowed for. AXA hasn't shown what Mr M was told about the property service or that he was warned hotel costs wouldn't be covered if he chose not to use it. Apart from what its loss adjuster has reported telling Mr M that is. Nor has it shown that there were like for like houses available in the area or at what price. I don't think

Mr and Mrs M would have put themselves at significant financial risk (to the extent of possibly losing their home), if things had been explained to them properly.

It's usual for policyholders staying in hotels to get an allowance for extra costs. This is usually around £10 per adult and £5 per child per night. One of the children is an adult so £40 per night is reasonable. If the stay was exactly 84 nights (12 weeks, which the cost reported by Mr M suggests) then that would make a settlement of £3,360 and I see AXA has recognised this already. I see no issue in awarding this amount. But the hotel stay will have to be evidenced to AXA before it can reasonably issue this payment. If it's not 84 nights then it will be able to pay on the basis of £40 per night.

Mr and Mrs M have been under immense stress during this claim and AXA could have done far more to help them. It's the expert in insurance matters and so it needs to make claims as painless as possible. I think it failed Mr and Mrs M here and they've ended up in awful circumstances as a result. I'm satisfied that £800 compensation is fairly and reasonably due to them.

The total of the above repair and utility payments is more than what AXA has paid in total so far. So it'll now have to make an increased payment to Mr and Mrs M to account for the extra costs as well as the costs of living elsewhere and compensation. This increased payment won't include VAT. VAT hasn't been paid yet by AXA but Mr and Mrs M haven't shown they've had to pay it either. When VAT becomes due and Mr and Mrs M shows AXA this, it'll have to pay it.

my final decision

I uphold this complaint. I require AXA Insurance Limited Plc to pay Mr and Mrs M:

- £1,379.71 in respect of outstanding repairs and extra utility costs (after taking into account the previous payment of £27,000).
- Upon sight of proof of the hotel stay and costs, £10,920.
- Upon sight of proof of 84 nights in the hotel, £3,360. Or if not 84 nights £40 per night.
- £800 compensation.
- VAT as and when shown by Mr and Mrs M that this is due/been paid.

AXA Insurance Limited Plc will also have to reassess the size of the patio and the cost of the repair it allowed for this. If the patio has been sized wrongly it will have to make an increased payment based on repairing/reinstating the correctly sized area. My comments on VAT apply to any settlement due for the patio too.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 25 January 2016.

Fiona Robinson
ombudsman