

complaint

Mr L complains on behalf of his business that AXA Insurance UK Plc hasn't fully compensated him under his landlord building insurance policy for loss of rent following a fire at his property which he lets out.

background

A fire in April 2015 was notified to AXA three months later as Mr L was unaware until his tenant stopped paying rent. AXA appointed loss adjusters who inspected the property and thought it was underinsured and that this might affect the claim. AXA told Mr L he would need a surveyor to help draw up a schedule of work.

Mr L's surveyor disputed the underinsurance and said stripping out was required before the work could be costed or tender documents prepared. AXA agreed but said no further progress was made until Mr L's surveyor provided the information at the end of 2016. AXA said it then quantified the underinsurance and Mr L requested a cash settlement. Mr L said that only the loss of rent for the period of the repairs remained to be agreed with AXA.

Mr L said there's a contractual obligation for the loss of rent to be paid for the period for reinstatement works from when he received the cash settlement, which was 12 weeks. AXA declined saying it had paid for much longer than was necessary under the policy had the claim progressed as it should have, and Mr L had been responsible for delays. Mr L said he'd had to chase AXA's loss adjusters at almost every turn. He said AXA hadn't said his surveyor had acted slowly or unprofessionally.

AXA said that despite frequent reminders Mr L's surveyor made very little progress with the claim and the dispute about underinsurance and his fees also caused delays. It accepted that its loss adjusters hadn't responded to Mr L's emails promptly on a couple of occasions, but said this had no impact on the work which was under Mr L and his surveyor's control. AXA said the work should've taken 12 weeks and couldn't see why the claim took so long. AXA apologised for the delayed payment of the loss of Mr L's rent that it accepted, and added £326.86 for loss of interest.

The investigator said AXA's offer for loss of rent was fair and he didn't recommend that the complaint be upheld. He said AXA had to establish that there was cover for the claim which took time as did a dispute about Mr L's surveyor's fees. He said Mr L's surveyor delayed the clearance of the property and this held up the claim's progress. He said AXA's estimate that the claim shouldn't have taken any longer than 9 months appeared to be accurate.

Mr L disagreed, saying the stripping out was the biggest delay, but this was because AXA hadn't approved the expenditure earlier. He said AXA was also responsible for the surveyor's fees dispute. Mr L requested an ombudsman review his complaint.

my findings

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

I've looked carefully at the record of communications between the parties and AXA handling of the claim to see if it would be fair for it to pay Mr L's loss of rent for a longer period. AXA's policy states it pays for loss of rent as a consequence of damage. AXA said it paid Mr L for much longer loss of rent than the policy required.

I'm not sure the policy term exactly covers the situation so I've concentrated on what I think is the fair outcome in the circumstances. The dispute about the underinsurance of Mr L's property took considerable time to resolve. AXA expressed its concerns about the delay in a meeting in April 2016 and I don't think it was largely responsible for this hold up.

Mr L's surveyor said he couldn't assess the repairs until the property was cleared of debris and the property stripped out. I think this caused quite a lot of delay and could've been decided upon earlier. I haven't seen any actions by AXA in the run-up to this that caused unnecessary delay concerning the costs of the claim. Once the property was stripped out the surveyor produced a programme for the remedial work and tender. Unfortunately the schedule of work fell behind and I've seen reminders from AXA's loss adjusters about this.

I've seen some emails from Mr L where he expresses frustration at the slow pace of progress on the claim. This involved delays in a surveyor inspecting the site and a dispute about Mr L's surveyor's fees, for which I think AXA was partly to blame. I've also seen some chasing communications from AXA and its loss adjusters to Mr L's surveyor. From the records I think there have been slow responses and lack of progress on all sides.

The repair work was estimated to take 12 weeks and Mr L said this should be added to his claim. In normal circumstances 12 weeks plus the work required to reach this point would be the period for which loss of rent cover would apply. AXA estimated this as up to 9 months maximum, however, it has paid for 18 months loss of rent up to the end of 2016. From what I've seen, I think this covers all delays for which AXA was responsible and so I don't think it would be fair to require it to pay anything further.

I'm pleased AXA has apologised for delaying Mr L's payment of the rental income and paid him for loss of interest, which I think is fair.

my final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 26 April 2018.

Andrew Fraser
ombudsman