

Complaint

Mr and Mrs J have complained about the way AXA Insurance UK Pic and its agents handled their home insurance claim. Their policy was administered by an underwriting agency, but I've only referred to AXA and their loss adjuster in this decision for the sake of ease.

Background

Mr and Mrs J's second home in the UK was covered under a home insurance policy with AXA and they made a claim for damage caused to it in a fire in August 2018. Mr and Mrs P live overseas and this meant they had to tie in certain things that needed to be done to allow the repairs to happen with visits to the UK.

AXA appointed a loss adjuster to manage the claim. The loss adjuster contacted a friend of Mr and Mrs J's to gain access to the property, so that he could survey the damage to the building and contents and decide what needed to be done. There were multiple delays in trying to get a cleaning contractor to start, cleaning the building and salvaging the contents. Mrs J arranged several flights back to the UK to tie in with the cleaning contractor's work, but had to rearrange these due to poor claims management and communication from the loss adjuster. There was also some confusion over whether Mr and Mrs J had contents cover, although a cash payment reflecting the fact their contents were uninsured was eventually agreed. Although part of this payment seems to have been unnecessarily delayed.

The loss adjuster told Mr and Mrs J they could arrange their own contractor to complete the works to the property, but didn't make it clear to them that the amount AXA would pay would be limited to what one of its preferred contractors would charge using preferential rates. Mr and Mrs J were only provided with two bedrooms in a hotel for themselves and their two children on most occasions when they visited the UK and couldn't use their property. On one occasion they hired self-catering accommodation, but AXA only agreed to pay what it would have cost for it to arrange a hotel towards the cost of this.

Things dragged on and by mid-November repairs to the property hadn't been started. Mr and Mrs J wanted to use the property at Christmas for a family get together and they made this clear to AXA and the loss adjuster. But despite this, repairs weren't completed and the property wasn't even properly cleaned and prepared for their visit at Christmas. In fact Mr and Mrs J had to buy new items of furniture and blinds and carry the furniture up and down stairs themselves to allow them to use the property and for the work that needed to then be carried out after Christmas to be completed.

In the end, Mr and Mrs J made a formal complaint to AXA. It investigated their complaint and apologised for the delays and issues and offered £300 in compensation for distress and inconvenience. Mr and Mrs J weren't happy with this and complained to us. The repairs to their home were eventually completed, although not without further problems. But this was the subject of a further complaint, which our investigator considered as a separate case.

After reviewing this complaint the second investigator who looked at it recommended AXA pay a further £250 in compensation to Mr and Mrs J for distress and inconvenience for the period August 2018 to January 2019, plus £302.50 to make up the shortfall on what Mr and Mrs J paid for their self-catering accommodation on the basis AXA used the wrong hotel rate to work out what was due for this.

AXA agreed to pay the extra towards the accommodation and paid this to Mr and Mrs J. But

it wouldn't agree to pay the additional compensation. So the case was referred to me for a decision.

I issued a provisional decision on 18 February 2021 in which I said the following in the provisional findings section:

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

I haven't gone into a great amount of detail in the background to this complaint and I'm not going to go into a lot of detail in this section either. This is because the sequence of events is well known to both parties and I think it's clear from this and the fact that AXA has already offered compensation that AXA's loss adjuster didn't handle Mr and Mrs J's claim at all well.

This was a fairly straightforward fire damage claim and I think under normal circumstances repairs could have been at least ready to start within a couple of months of the fire and completed by Christmas at the very latest. I appreciate there was a delay while AXA were waiting for the fire report, but I am satisfied from reading what Mr and Mrs J have said and reviewing AXA's claim notes that there were numerous delays and communication problems due to the poor performance of the appointed loss adjuster. I also appreciate Mr and Mrs J originally chose to use their own contractor, but I don't think they understood that this might mean AXA wouldn't cover all the costs. From what I've seen the loss adjuster didn't make it clear at the outset that AXA's settlement would be based on the preferential rates provided by its contractors. And I think this also caused an unnecessary delay.

I also think AXA was wrong to only allow enough for Mr and Mrs J to stay in a budget hotel when they were in the UK and couldn't use their property. I say this because I'd expect alternative accommodation to be of a similar type to the damaged property. This is because this is what the policy says should happen. And if this wasn't possible on a short-term basis Mr and Mrs J should have been given the option to find suitable self-catering accommodation and not be stuck in a budget hotel.

The settlement of Mr and Mrs J's contents claim was also unnecessarily delayed and this caused them further inconvenience and unnecessary expense.

As a result of poor handling Mr and Mrs J endured months of frustration and inconvenience and had to spend Christmas in a property that wasn't really fit for use. Plus, they had to move furniture themselves because repairs weren't completed in time. In view of the length of time it took to get the repairs organised and the distress and inconvenience involved I don't think AXA's payment of £300 is enough. And I think a further payment of £400 is appropriate. This will make the compensation AXA pays for distress and inconvenience £700, which I think is fair and reasonable. This reflects the loss of use of Mr and Mrs J's home, the fact they had to put up with a budget hotel when they should have been in self-catering accommodation, the fact they had to re-arrange visits requiring long-haul flights, the constant chasing of the loss adjuster to get things moving and the lack of communication on his part generally. All on top of having to cope with the stress of having had a fire at their home and a very sad situation with a close relative.

This compensation is only in respect of the period from August to January, as that's the period I've considered on this complaint. And - as I've said - Mr and Mrs J have already been correctly reimbursed for what they had to contribute towards their alternative accommodation.

And I said I'd provisionally decided to award a further £400 in compensation for distress and inconvenience. I gave both parties until 4 March 2021 to provide further comments and evidence.

Mrs J replied to say she and Mr J had nothing to add and that they were happy with my findings. AXA has confirmed it accepts my provisional decision.

my findings

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

As neither Mr and Mrs J nor AXA have anything further to add I can see no reason to reach a different conclusion to the one set out in my provisional decision.

my final decision

For the reasons set out in my provisional decision dated 18 February 2021, I've decided to uphold Mr and Mrs J's complaint. And AXA Insurance UK Plc must pay them a further £400 in compensation for distress and inconvenience.

AXA should do this within 28 days of us telling it Mr and Mrs J have accepted my final decision. If it pays later than this it should add simple interest to the compensation at a rate of 8% per year, from the date of my decision to the date it makes the payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs J to accept or reject my decision before 9 April 2021.

Robert Short
Ombudsman