

## **complaint**

Mr and Mrs C complain AXA Insurance UK Plc gave them incorrect information about their policy excess when they made two claims on their home insurance policy. They say they suffered a loss because of this.

## **background**

Mrs C contacted AXA about two separate incidents which had caused water damage to their property. She explained that rainwater had entered their property via a crack in their above neighbours' front step, and damaged their hallway and bedroom; and a few months earlier, the same neighbours' washing machine had leaked and damaged their kitchen. AXA confirmed the two incidents were separate claims, each with a £100 policy excess.

AXA authorised Mr and Mrs C's quote for the repairs. However, it deducted £1,000 from the settlement, rather than £200. Mr and Mrs C contacted AXA to query the deduction, and they were informed the washing machine leak was an 'escape of water' claim, which had a £500 excess. However, AXA noted the rainwater ingress was an 'accidental damage' claim, and this only had a £100 excess. As such, only £600 should have been deducted from the settlement – so, AXA sent Mr and Mrs C a further £400.

Mr and Mrs C explained they wouldn't have gone ahead with their kitchen claim if they had been told about the escape of water excess. Instead, they say they would have done the work themselves. AXA acknowledged it had told Mrs C the wrong excess, and its mistake wasn't put right when it spoke to her to authorise the repairs. However, it said there wasn't anything to support Mr and Mrs C would have completed the kitchen repairs themselves, and it highlighted they hadn't done so in the months between the incident and the claim registration. AXA also explained the applicable excesses are set out in the policy documents, and it said Mr and Mrs C had a duty to be aware of this information. Nonetheless, AXA offered them £150 for the upset its mistake had caused.

Mr and Mrs C remained unhappy, so they referred their complaint to this service. One of our investigators has considered the matter, but she didn't think the complaint should be upheld. She wasn't persuaded Mr and Mrs C would have completed the kitchen repairs themselves due to the time that had passed between the incident and the claim without the work being done. She was more persuaded they would have still gone ahead with the kitchen claim if they had been told about the escape of water excess. Mr and Mrs C disagreed, so their complaint has been passed to me to decide.

I issued my provisional decision in January 2020. I explained I was persuaded Mr and Mrs C had suffered a financial loss by being told the wrong information, so I intended to uphold their complaint.

In my provisional decision I said:

*"I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where evidence is inconclusive or incomplete, I have reached my decision on the balance of probabilities – this means I have determined what I consider is more likely to have happened, based on all the evidence that is available and the wider surrounding circumstances."*

*Mr and Mrs C's invoice shows the kitchen repairs cost £634 and were decorative. They say a family member would have done the work had they known it would have cost them £500 by going through their insurance. So, their only costs would have been materials. On balance, given the decorative nature of the repairs, I accept what they say.*

*I'm not persuaded Mr and Mrs C wouldn't have done the work themselves simply because they hadn't yet done so. In my view, the repairs weren't urgent and only a few months had passed between the incident and the claim. Likewise, I'm not persuaded they would have claimed for just £134. I'm more persuaded they wouldn't have considered this worth the impact on their claims history and policy premiums.*

*Although I acknowledge Mr and Mrs C have a responsibility to be aware of their excesses outlined in their policy schedule, I'm satisfied it was reasonable for them to have relied on the information Mrs C was given when she registered the claims.*

*In conclusion, I'm persuaded Mr and Mrs C suffered a financial loss by being told the wrong excess for their kitchen claim. To put matters right, I intend to decide AXA should cover the difference between what Mr and Mrs C paid for their kitchen repairs, and the costs they would have likely incurred had they not gone ahead with the claim but done the work themselves.*

*I've seen from AXA's records that it spoke to Mr and Mrs C's contractor before it authorised his quote, and he advised his labour was roughly £400 for each room. That would mean the materials for the kitchen cost about £200. As such, I consider it reasonable to conclude Mr and Mrs C would have incurred £200 material costs had they completed the work themselves.*

*Therefore, I intend to decide AXA should settle the kitchen claim by paying Mr and Mrs C the difference between £634 and £200, i.e. £434. AXA has already settled £134 and paid £150 compensation. This leaves a further £150 to be paid.*

*Based on AXA's internal notes, I understand it only registered one claim but deducted two excesses for the separate incidents. However, if two claims were registered, I'm satisfied that would remain fair. I say this because, if my final decision follows what I've said here, Mr and Mrs C will have received £434 for their kitchen claim. On balance, I'm persuaded they would have gone ahead with a claim for £434, rather than completing the works themselves – just as they were going ahead with a claim for £534."*

AXA accepted my decision. But Mr and Mrs C thought the £434 kitchen claim settlement should be in addition to the £150 compensation AXA had already offered, rather than inclusive of it.

## **my findings**

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

Having done so, I've reached the same conclusions I reached in my provisional decision, for the same reasons. I appreciate AXA had given Mr and Mrs C £150 for the upset the situation had caused them, but that was on the basis they would only receive £134 for their kitchen claim, rather than the £534 they expected. I'm not bound by anything AXA previously decided, and it's for me to decide what outcome is fair overall.

I acknowledge this matter has been upsetting and inconvenient for Mr and Mrs C. They have also suffered a loss of expectation given £434 is still less than £534. But on the other hand, settling the kitchen claim for £434 places Mr and Mrs C in the financial position they would have been in had AXA told them about the escape of water excess, and they haven't had the inconvenience of completing the work themselves. In other words, had they been told about the excess they would have likely paid about £200 for materials and completed the kitchen repairs themselves, but instead it's only cost them £200 to have the work done professionally. So, AXA's mistake has also avoided them a fair amount of trouble.

Taking everything into consideration, overall, I'm of the opinion that settling the kitchen claim for £434 reflects a fair and reasonable outcome for both parties. I don't consider a further award to be merited.

### **my final decision**

I appreciate Mr and Mrs C may remain disappointed. But for the reasons I've set out above and in my provisional decision, I uphold this complaint.

My final decision is AXA Insurance UK Plc should pay Mr and Mrs C a further £150 to settle their kitchen claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs C to accept or reject my decision before 6 March 2020.

Vince Martin  
**ombudsman**