

The complaint

Mr W and Mrs W complain about AXA insurance UK Plc (“AXA”) and the settlement offer that’s been made to them following a claim they made on their home insurance policy.

Mr W has acted as the main representative during the claim and complaint process. So, for ease of reference, I will refer to any comments made, or actions taken, by either Mr W or Mrs W as “Mr W” throughout the decision.

What happened

The claim and complaint circumstances are well known to both parties. So, I don’t intend to list the events that occurred chronologically in detail. But to summarise, around the start of November 2022, Mr W discovered a leak coming from the stopcock in his home. So, he arranged for this leak to be repaired, and he contacted AXA to make a claim on his home insurance policy for the damage the escape of water caused.

AXA appointed a loss adjustor, who I’ll refer to as “X”, to inspect this damage. And following X’s report made following this inspection, and some pushback from Mr W, AXA offered a total cash settlement of £2,000 to repair the damage caused to his floor around the area the leak was found. But Mr W was unhappy about this, so he raised a complaint.

Mr W’s complaint included, and is not limited to, his belief that the cash settlement was unfair, as it didn’t cover the quote he had obtained for a local contractor to replace the flooring. And Mr W was unhappy that AXA were refusing to cover the cost of the repairs to his walls and ceilings, which he felt were caused by another leak at the time of the claim. So, he wanted AXA to increase their cash settlement offer, to ensure he wasn’t left out of pocket. AXA didn’t respond to Mr W’s complaint within the time limit they are afforded and so, he referred his complaint to us.

In AXA’s submission to our service, they set out why they thought their settlement offer was fair, based on the expert opinion provided by X. So, they didn’t think they needed to do anything more.

Our investigator looked into the complaint and didn’t uphold it. They thought the cash settlement put forward by AXA was a fair one, based on X’s expert opinion and the scope of works. So, they didn’t think AXA needed to do anything more, explaining Mr W still had the option of using AXA’s own contractors to complete the work if necessary.

Mr W didn’t agree, providing several comments explaining why. These included, and are not limited to, his belief that the costs of the repairs to his ceiling and walls should be covered as he felt the photo’s showed there was water damage present. Mr W disputed X’s report, and he disputed being offered the chance to have the floor repairs completed by AXA’s own contractor, stating it was only a cash settlement that was ever discussed. And he also confirmed he’d since covered the costs of the repairs to the floor, as he became tired with the delays and his inability to use the affected space.

Our investigator considered Mr W's comments, but their view remained unchanged. Mr W continued to disagree and so, the complaint has been passed to me for a decision.

I issued a provisional decision on 5 February 2024, where I explained my intention to uphold the complaint. In that decision I said:

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

Having done so, it's my intention to uphold the complaint. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Before I explain why I intend to reach this decision, I think it would be useful for me to set out exactly what I've been able to consider, and how. I note the claim has been ongoing for some time, and Mr W is still awaiting a settlement to be paid. But our service is only able to consider issues that have been raised to a business, within their own complaint process. So, my decision will only cover the events up to 19 June 2023, when AXA advised Mr W he could refer his concerns to our service, as this acted as a final response to his complaint. Any issues relating to events that occurred after this time would need to be handled separately, under a new complaint reference, once AXA have had a chance to investigate and respond.

And I want to make it clear that it's not my role to re-underwrite the claim or speculate on how I think the claim should be settled, as I and our service don't have the expertise to do so. Instead, it is my role to consider the service AXA provided, and the conclusions they reached, based on the evidence available to them to decide whether I think they acted fairly. To do this, I've first considered what I believe to be the crux of Mr W's complaint, which centres around the cash settlement AXA have offered, and the works AXA feel should be covered under the home insurance policy he held.

I note Mr W feels the cash settlement offered for the floor repairs is too low. And he's unhappy AXA won't consider the costs to repair his ceiling and walls, as he feels there was a second leak that caused this damage.

But while I recognise Mr W's testimony, and I am in no way intending to dispute his version of events, I must consider the fact that in his claim notification to AXA, he referred only to a leak from his stopcock, which was situated at ground level. And, in the invoice of the plumber who fixed this leak the day after notification, before X had inspected his home, the invoice only refers to a leak from the stopcock. There is no mention in this invoice of a secondary leak located in his ceiling.

Instead, what I can see from X's report, which we would deem to be an expert opinion, is clarification that, following the claim notification and crucially before their inspection, Mr W had engaged a plumber to complete an upgrade of the pipework in his home. And, that this included pipework in the ceiling around where he feels another leak was located.

So, because of the above, X provided their opinion that, due to the location of the reported leak relating to the stopcock, they didn't think the repairs required to the ceiling and walls were related to an insured event. And under the terms of the policy AXA held, it's made clear that only damages relating to an insured event would be covered.

Having considered X's opinion, I feel it is both logical and plausible and I don't think there was any evidence available to AXA at the time to suggest it was fundamentally incorrect.

And I must note it is standard industry approach for an insurer such as AXA to rely on the opinion provided by an expert. So, I don't think I can say AXA acted unfairly by relying on X's opinion, and the report X provided. And because of this, I don't think I can say they've acted unfairly when refusing to cover the costs Mr W incurred repairing the ceiling and the walls on this occasion.

But I note it's accepted by X, and AXA, that the damage to Mr W's floor was caused by the leak from the stopcock, which was an insured event. So, I would expect them to ensure Mr W's claim for the costs to repair this was considered and paid appropriately, under the terms of the policy and their obligations as an insurer.

The terms of the policy Mr W held explains that where it's possible to repair damage, and they have agreed to settle the claim using a cash settlement, they will pay "what the cost to repair the damage to your buildings would have been". And its standard industry approach for an insurer to calculate this cost based on what it would've cost them to repair the damage, using their own repairers.

I've seen X's initial estimate for these repairs, alongside the scope of works. And as I've explained above, it's not our role to dispute the scope of work and act as a loss adjustor ourselves. From what I've seen, the scope of works X set out seem reasonable and plausible, with no obvious errors. So, I think AXA were fair to rely on the estimate X put forward. And I think AXA acted fairly when considering Mr W's pushback, which saw them agree to increase the total settlement to £2,000, after consulting with X for their opinion. So, because of this, I don't think I'm able to say the cash settlement AXA have put forward is unreasonable or unfair and so, I don't intend to ask them to increase this.

But crucially, from the evidence available to me, I can't see that AXA, or X, made Mr W aware he had the option to use AXA's own repairers to complete the work, rather than his own contractor whose quote he had already obtained before X inspected his home. And I would've expected X, and AXA, to make this reasonably clear. So, I can't say they've acted fairly when setting out exactly what options Mr W had available to him. And I also recognise how this failure led to Mr W disputing the settlement, which caused the claim to be open for longer than I think it should've been. So, I do think AXA could've done more here and because of this, I've then thought about what I think AXA should do to put things right.

Putting things right

When thinking about what AXA should do to put things right, any award or direction I make is intended to place Mr W back in the position he would've been in, had AXA acted fairly in the first place.

In this situation, had AXA acted fairly, I think they would've made it reasonably clear to Mr W that he had the option of using their own repairers to repair the damage to his floor. And, that the repairs would be covered entirely under the scope put forward by X. Any by not doing so, I think Mr W lost the opportunity to consider this alternative option.

While I think on the balance of probability Mr W would most likely have rejected this offer, considering he'd already obtained a quote from the repairer he went onto instruct, this doesn't detract from the fact Mr W wasn't able to make an informed choice. And I think he should be compensated for this.

And because Mr W wasn't offered this choice, I think this resulted in extensive and elongated conversations regarding the cash settlement which has seen Mr W needing to

spend time and effort engaging with AXA and X on several occasions. And from the notes I've seen, Mr W has been asked to provide the same documentation on multiple occasions, which has resulted in avoidable delays during the claim process. And I recognise how frustrating and inconvenient this would've been for Mr W, as he was left with a damaged floor for longer than ideally, he would've been. So, I also think he should be compensated for this.

Having considered the above, and the clear distress and inconvenience I think Mr W has suffered due to the handling of the claim, I think AXA should pay Mr W a compensatory amount of £250 to recognise this in order to resolve his complaint appropriately.

I understand this isn't the total outcome Mr W was hoping for. And I do recognise the cash settlement AXA have offered, which I feel they were fair to put forward, leaves Mr W at a financial loss considering the amount his paid to his own repairer. But for me to say AXA should increase the settlement, I need to be satisfied the settlement has been calculated unfairly, or not taken into account appropriately the expert opinion, which in this case has come from X. And I can't say that's the case here. So, I don't intend to ask for this to be increased, or any other costs to be considered."

Responses

AXA responded to the provisional decision accepting the recommendation I put forward. Mr W responded explaining he was pleased AXA's failure to advise him of his options had been recognised. But he also expressed why he was disappointed that the settlement paid by AXA failed to cover the costs he'd incurred, considering an excess had been deducted, and he reiterated his stance that the damage to the walls and ceilings were shown to X during their inspection.

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.

Having done so, my initial decision remains the same. I want to reassure Mr W I've considered all the additional comments he's made even if I haven't referred to them directly, but these comments haven't caused me to change my conclusions on this occasion.

While I recognise the settlement paid by AXA hasn't covered all the costs Mr W incurred, my decision remains the same that AXA acted fairly when basing the settlement amount on the expert opinion of X, as this is standard industry approach and what I'd expect. And while I appreciate this settlement was reduced due to the deduction of the excess, it is again standard industry approach for a business such as AXA to deduct the excess applicable to the policy from the settlement amount, as this prevents a business from needing to chase a customer for a separate payment. So, this hasn't changed my line of thought.

And while I do appreciate Mr W's dispute surrounding X's report, and that he feels the damage to the wall and ceiling were shown to X during their inspection, even if this was the case, I don't think this changes the fact the insured event resulted from damage to a leak from his stopcock at ground level. So, I don't think AXA have acted unfairly when relying on X's opinion that any damage above ground level was unlikely to be caused by this insured event and so, any repairs for this damage wouldn't be covered by the policy Mr W held.

Putting things right

To adequately address their failure to make Mr W aware he was able to utilise AXA's own

contractors to repair the damage caused by the leaking stopcock, I think AXA should pay Mr W £250 to recognise this loss of opportunity and how this elongated the claim, creating additional inconvenience to Mr W overall.

My final decision

For the reasons outlined above, I uphold Mr W's complaint and I direct AXA Insurance UK Plc to take the following action:

- Pay Mr W £250 to recognise his loss of opportunity, and the additional inconvenience this created.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 22 March 2024.

Josh Haskey
Ombudsman