

The complaint

Ms G complains about AXA Insurance UK Plc's response to her home insurance claim.

AXA are the underwriters (insurers) of this policy. Much of this complaint concerns the actions of their appointed repair agents. As AXA accept they are accountable for the actions of their agents, in my decision, any reference to AXA should be interpreted as also covering the actions of their appointed agents.

What happened

The background to this complaint is well known to Ms G and AXA. In my decision, I'll focus mainly on giving the reasons for reaching the outcome that I have.

Ms G made a flood damage (caused by a storm) claim under her home insurance policy with AXA in January 2021. AXA accepted the claim. Shortly after AXA had arranged for repair works to be completed, Ms G's property suffered further water damage which she alleges was as a result of poor workmanship by AXA's appointed contractors and/or the materials they'd used.

Ms G says she was advised to make a second claim for the subsequent damage and this was later declined. Ms G raised a complaint with AXA. They offered £200 compensation in recognition of inconvenience caused. Remaining unhappy, Ms G referred her complaint to our Service for an independent review. Our Investigator considered the complaint and recommended that it be upheld. Both parties accepted the outcome and the complaint was closed. Ms G later contacted our Service as AXA hadn't actioned all of the recommendations that they'd accepted and we reopened the complaint, it's now been referred to me for a decision.

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.

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

Ms G responded to my provisional decision and accepted it. AXA didn't respond at all. No new evidence or representations have been made that materially change the outcome I had intended to reach. Therefore, I've included my previous findings below as they form the basis of this, my final decision.

The scope of my decision

It's very disappointing that Ms G has needed to resort to asking for a decision due to the failure of AXA to follow through on their acceptance of our Investigator's recommendations.

To remind both parties, this was what AXA agreed to do:

- *“Mrs G [surname redacted by Ombudsman] should provide AXA with two independent quotes for the repairs to be carried out in order to put the property in the position it was in before the storm damage occurred in January 2021. AXA can choose which quote to accept but has to cover the cost of repairs.*
- *AXA needs to refund the cost of the work carried out by [third party name redacted by Ombudsman] back to Mrs G and apply 8% simple interest on this amount (from the date Mrs G made the payment to the date it is refunded)*
- *AXA needs to pay £1,500 in compensation to Mrs G for the distress and inconvenience it has caused”*

AXA told our Service on 20 June 2023:

“I sincerely apologise for the delay, whilst we were attempting to obtain further information from our claims team.

Having now discussed this in detail with our technical and claims team, we are happy to accept your findings.

It is important to note, that the quotes from the insured will require validation, to ensure that these are not exaggerated. This may include a video call with our claims team to review the extent of the damage. We trust this is ok, as is standard practice when validating cost.

We will ensure appropriate contact is made with the insured to guide them through the next steps. I have also asked that once a decision is made, this is prioritised, given the length of time this has been ongoing.”

After this, there was largely radio silence from AXA with both our Service and directly with Ms G. Recently, Ms G has told our Service that only point three above (£1,500 compensation) of our Investigator’s recommendation had been paid/settled. I recently gave AXA a further opportunity to respond and to clarify the situation. They told us in an email dated 11 June 2024:

“...we released a payment for £15,200.23 on the 16th of May, which appears to cover:

- *£11,087.65, Lowest Estimate from [third party business name redacted by Ombudsman]*
- *£264.00 from [third party business name redacted by Ombudsman]*
- *£3,848.58 for contents considered to be beyond repair.*

The Supplementary Final Report appears to suggest that we will be waiting for the Insured to provide the final VAT invoice so that we can reimburse the Insured the VAT element of £2,217.53. I can also confirm that £1750.00 compensation has been paid on our end.”

As Ms G has recently that she hasn’t paid the third party contractor yet (as she was waiting for AXA to pay her), in my opinion, this means the previous recommendation about AXA paying 8% simple interest per annum of the amount of £11,087.65 falls away - as Ms G hasn’t been out of pocket since she hasn’t paid the third party

Finally, I have given consideration as to whether the £1,500 compensation already paid should be increased. Having referred to our published guidelines <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience> and having considered the impact of AXA’s actions, I don’t increase the amount of £1,500.

Putting things right

- AXA will need to calculate 8% simple interest per annum on the amount of £264. This needs to be calculated from the date Ms G made payment to the third party (subject to her providing reasonable proof of payment) until the date AXA make any updated settlement amount to her. As above, if Ms G hasn't yet paid the third party, no further interest needs to be calculated.
- VAT of £2,217.53 to be paid to Ms G after she has provided reasonable proof (for example, a final invoice) to AXA.

My final decision

My final decision is that I uphold this complaint. I direct AXA Insurance UK Plc to follow my direction as set out under the heading '*Putting things right*'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 30 July 2024.

Daniel O'Shea
Ombudsman