

The complaint

Ms K is unhappy with how a claim on her buildings and contents insurance policy has been handled by AXA Insurance UK Plc following a fire at her property.

Throughout the claim process, both Ms K and AXA have hired third parties to deal with the claim on their behalf. In this decision, any reference to Ms K and AXA includes the actions of appointed third parties.

What happened

In early August 2023, a fire started in a bedroom of Ms K's house. I was sorry to hear that Ms K's cat died but was pleased to hear Ms K's family were unharmed. Ms K raised a claim with AXA.

Due to the severity of the damage, alternative accommodation (AA) was required. A hotel was initially arranged for Ms K to stay in with her husband and two children. AXA initially told Ms K that a loss adjuster (LA) couldn't visit the property for two weeks. Following a complaint, it was arranged for a LA to visit the property after a week. A preliminary report was sent to AXA which set the claim reserve at £90,000. Unfortunately, two weeks after the fire a neighbour noticed a leak in the property. Ms K and her family were moved into a rental property for an initial period of six months. A surveyor attended the property at the end of August 2023 and in early September 2023, the reserve was upgraded to a total of £180,000.

Due to the size of the claim, AXA's process was that the claim would need to be handled by their major and complex loss team (MCL). A new LA and surveyor were appointed in mid-September 2023. At the end of September 2023, the MCL surveyor completed their preliminary report.

In mid-October 2023, AXA accepted liability for the claim. However, they advised they wanted to appoint their own internal surveyor to work alongside the MCL LA and surveyor.

They confirmed that their surveyor wouldn't do any surveying, but would be approving the scope of work, tender report and any variations.

Ms K provided a scope of work (SOW) to AXA in mid-October 2023 for approval. The SOW was finalised and approved in late December before the tender process began. Work was due to begin in March 2024 and end in July 2024.

Throughout the claim process, Ms K has raised multiple complaints. In summary, the main issues raised were about communication, delays and the service received. AXA upheld some of their complaint points and didn't others. In the complaint points brought forward to our service, AXA has offered £600 compensation and £25 due to the complaint response timeliness.

During the complaint process, further complaints were raised. AXA has agreed for these to be considered under this complaint. These complaint points were as follows:

- Claim settlement
 - AXA wanting to cash settle if Ms K used her own contractors
- Delays to payments being made
- Claim delays led to their AA policy limit being reached while the claim was ongoing

Our investigator upheld the complaint in part. They felt there had been some service failings and told AXA to pay an additional £500 compensation. Whilst they acknowledged there were some delays, they didn't feel it had an impact on the claim overall. They didn't think AXA had done anything wrong with how they wanted to settle the claim. However, they did feel there were some delays with some of the later payments and told AXA to pay 8% simple interest on these payments.

AXA agreed with the investigator's outcome, but they asked for clarity on when the 8% should be paid from. Ms K didn't agree. However, her response to the complaint solely revolved around the delays during the claim and the AA limit being reached during the claim process. As an agreement couldn't be reached, the complaint has passed to me to decide.

Ms K has since also raised the following issues which have all risen after our investigator issued their outcome:

- AXA hasn't covered the £200 moving costs from AA back to their home
- There is damp in rooms at both the front and rear of the house which AXA aren't covering as they don't believe it's claim related
- The lawn in their rear garden has been ruined as a result of the fire and building works and needs replacing
- The side alley and gate have been damaged by the builders
- There were issues getting the rental deposit back

Due to when the above took place, none of these issues are covered in this decision. These can be investigated under a separate complaint once AXA has issued a final response letter or had the allotted time under the Financial Conduct Authority's rules.

What I provisionally decided – and why

In my provisional decision, I said:

“When considering complaints such as this, I need to consider the relevant law, rules and industry guidelines. The relevant rules, set up by the Financial Conduct Authority, say that an insurer must deal with a claim promptly and fairly. So, I’ve thought about whether AXA acted in line with these requirements whilst dealing with Ms K’s claim.

At the outset I acknowledge that I’ve summarised their complaint in far less detail than Ms K has, and in my own words. I’m not going to respond to every single point made. No discourtesy is intended by this. Instead, I’ve focussed on what I think are the key issues here. The rules that govern the Financial Ombudsman Service allow me to do this as it’s an informal dispute resolution service. If there’s something I’ve not mentioned, it isn’t because I’ve overlooked it. I haven’t. I’m satisfied I don’t need to comment on every individual point to be able to reach an outcome in line with my statutory remit.

I’ve set out my response to the main complaint points below:

Communication and service

AXA has agreed to failings with both communication and service. Our investigator didn’t think enough compensation had been awarded by AXA. They increased the amount of compensation by £500, to a total of £1,100. AXA agreed with this recommendation.

I appreciate that it must have been frustrating for Ms K to have difficulties in getting through to AXA, not receiving call backs, have unanswered emails, additional damage caused to their property, issues with getting a correct contents claim list and issues with their contents being given away to people on the street, items being returned smelling of smoke and/or burnt and delays in receiving jewellery back. Although this is a distilled version of events, I’ve considered everything in the round and I think Ms K has been caused substantial distress, upset and worry which has caused serious disruption to her daily life for a sustained period over many months. As such, in line with our website guidelines, I agree and think £1,100 compensation is fair and reasonable.

Ms K has said she hasn’t received an apology from AXA about the service provided by one of their contractors. She’s also raised that the service received led to many extra hours of work on the claim for her. Whilst I appreciate how strongly Ms K feels about this, and agree the service received was poor, this is covered by the £1,100 compensation. In one of their final response letters, AXA said they sincerely apologised for the service received and had provided feedback to the contractor.

Delays

The main area remaining of disagreement between both parties is around delays during the claim and the impact this had on the AA budget. Our investigator felt that there had been some delays, but didn’t think overall the claim had been impacted. I disagree. I’ve looked at the claim process from the start to the end of the tender process. Throughout this period, I think there are several occasions where the claim was negatively impacted by delays:

Changing LA and surveyor

Whilst I appreciate why AXA have a major and complex loss team, transferring the claim from one LA and surveyor to another does take up time. When the case is transferred, the new LA and surveyor need to both complete site visits. This takes up time which is to the consumer’s detriment. I don’t think it’s fair and reasonable for Ms K’s AA limit to be used up by AXA’s internal processes which only benefits AXA.

Accepting liability

The claim was raised in August 2023 but liability wasn't agreed until October 2023. A surveyor had completed their preliminary report in late September 2023 which should have given AXA everything they needed to accept liability. AXA's claim handler was ill for a week which was unfortunate but did delay things. AXA also wanted to ensure that Ms K hadn't provided any incorrect information on her policy application regarding the amount of flat roof and previous claims. AXA didn't pick this up until late in the process. On 10 October 2023 AXA wrote to Ms K's previous insurer to get confirmation on the claims. A referral was also sent to their underwriting department to confirm if the risk was acceptable. However, the LA noted about an undisclosed claim on his site visit in mid-September 2023. The surveyor also raised about the flat roof in late September 2023, this could and should have also been picked up by the initial surveyor in late August 2023 but doesn't appear to have been. I think liability could have been accepted earlier and by it not, it delayed the claim.

Appointing an internal surveyor

From the notes it was decided that an internal surveyor was needed in late September 2023, but this didn't actually happen until mid-to-late October 2023. The claim couldn't move forward until this had happened.

Internal surveyor requiring everyone meet on site

When the internal surveyor had been appointed, he wanted to meet with everyone on site. As this was quite a few people, due to availability this couldn't take place until mid-November 2023. It was pointed out that the internal surveyor wasn't employed to do surveying work, they were simply there to comment on recommendations and to approve/sign off work. In emails from the MCL team, the surveyor asks if it can be just a desk assessment and later states that they don't think the meeting is warranted. The LA also asks if the meeting needs to take place. The MCL surveyor had already provided their comments to the internal surveyor on the SOW's. I don't think this meeting needed to take place in the manner that it did, with everyone attending, which led to a delay to the claim

Instructing electrical and gas safe reports

The reports were requested in early November 2023. However, the MCL surveyor advised that an electrical report would be needed in late September 2023. In early October 2023 the MCL surveyor suggested that an Electrical Installation Condition Report would be needed prior to tender to determine if a full rewire was needed. As this was the last thing that was needed before the repairs could go to tender, I think the reports could have been instructed earlier and delayed the claim.

Getting the electrical and gas safe reports

The reports were requested in early November 2023. However, the electrical report wasn't received until mid-December 2023 and the gas safe report wasn't received until mid-to-late December 2023. Emails indicate that the instruction for the gas safe report was originally sent to the wrong place and was resent almost two weeks after the original request. The gas safe engineer reported back on the boiler in late November 2023 but didn't provide the report. The report wasn't chased until Ms K pointed out that they couldn't complete the SOW until the reports had been received.

Extending the tender process

The tender process had to be extended due to the contractor put forward by AXA pulling out. I acknowledge that the contractor pulled out due to sickness of staff, which I accept is out of AXA's control. However, AXA could and probably should have had two different contractors compete in the tender process. Had they done this, the tender process most likely wouldn't have needed to be extended.

I accept that some of the above delays were overlapping. Having considered the timeline in full, I think that the claim was delayed by two and a half months. This is a significant amount of time based on the policy's AA limit. AXA offered an ex-gratia payment equivalent to one month's rent. I don't think this goes far enough. To put things right, AXA should cover a total of two and a half months rent, council tax and utility bills. AXA can deduct the ex-gratia payment already paid to Ms K. Ms K will need to provide the bills to AXA to confirm what they've paid.

Claim settlement

Cash settlement

I agree with the investigator's outcome on this point. AXA gave Ms K the option to either have one of their contractors complete the building works or receive a cash settlement. I don't think this is unreasonable. By allowing a contractor not within their network to complete the work on their behalf, AXA would take responsibility for any failings in quality. AXA don't want to do this which again I don't think is unreasonable. I can understand why Ms K may want to proceed with a contractor put forward by her loss assessor, but in doing so, it would be fair for AXA to cash settle the claim.

Delays to payments

AXA has agreed that there were delays in making some payments. I'm pleased to hear that these payments have now been made. AXA agreed to pay 8% simple interest on these payments but asked for clarity on when this should be from. Our investigator didn't give a recommendation on this. My understanding is that the surveyor recommended payment of the remaining contents amount, £18,646, and AA limit, £1,689.41 on 29 February 2024. The process to make these payments didn't begin until 3 April 2024. AXA also offered to cover an additional month's AA on 20 February 2024 but the process to pay this didn't start until 5 April 2024. I understand this was because AXA had first thought Ms K could just keep the deposit. However, this had already been offered to Ms K and AXA should have been aware of this. I would have expected all these payments to have been made within a week of the recommendation/offer. As such, I intend to ask AXA to pay 8% simple interest on the remaining contents amount and AA limit from 7 March 2024 to 3 April 2024. I also intend to ask AXA to pay 8% interest on the additional AA payment from 27 February 2024 to 5 April 2024."

Therefore I was minded to uphold this complaint. I set out what I intended to direct AXA to do to put things right. And gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses to my provisional decision

Ms K accepted my provisional decision.

AXA confirmed they didn't agree with my provisional decision. They accepted that there were some delays but didn't think they should all be attributed to AXA. They said the following:

- Changing the LA & surveyor
 - Can't expect all adjusters to have the expertise required to handle large losses
 - Insurers can't be expected to instruct MCL on day one
 - The extra experience also brings benefits to the customer
 - Efficiently discharge liability
 - Ensure the customer benefits from full extent of policy cover
- Accepting liability
 - Couldn't do anything about this as flat roof couldn't be underwritten until AXA were aware of the previous claims
- Internal surveyor
 - Purpose is in part to support and in part to audit them in live situations
 - Don't need to demonstrate their benefit on a visit-by-visit basis to understand their overall value
 - Believe that the surveyors involvement saved time in the long run as the face-to-face involvement with Ms K's loss assessor showed that only the most accurate submission of claim would be accepted
- Extending tender process
 - Contractors are more often refusing to tender when a loss assessor is involved in a claim
- Claim settlement
 - Happy with my findings

AXA did agree that there were delays with the gas and electrical reports. AXA didn't comment on the delays in appointing an internal surveyor and so I've assumed that they've agreed with this too.

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.

I've thought carefully about the responses to my provisional decision. Having done so, while I appreciate it will come as a disappointment to AXA, my conclusions remain the same. I'll explain why.

Changing the LA & surveyor

AXA has said that changing the LA and surveyor helped with efficiently discharging liability. As part of my provisional decision, I highlighted that there were delays in liability being accepted. AXA has also said that the change to MCL was necessary, and that Ms K should accept the small impact this may have had on the duration of the claim.

I don't dispute that having the MCL LA and surveyor involved with the claim would have its advantages. However, the claim occurred in early August and the MCL surveyor didn't visit the property until late September. I don't agree that this is a small impact. Whilst I agree I wouldn't expect the MCL team to be appointed on day one, I do think the process could have been done quicker than it was.

Accepting liability

Whilst I accept that it's more efficient to have reviewed the flat roof and previous claim issues together, I still think there were delays with this happening. The MCL LA attended the site in mid-September. At this point AXA was aware of the flat roof and the previous claims. However, it took until mid-October to write to Ms K's previous insurer for the full claim details. This could have been done sooner and if it had, liability would have been accepted earlier.

Internal surveyor

I don't think it's unreasonable for AXA to appoint an internal surveyor to help with the claim if they wish to do so. However, this shouldn't be to the detriment of the claim. AXA believe that by doing so in this case, it has potentially saved time in the long run. There is no evidence to confirm that this is the case. AXA have said that this was due to face-to-face time with the loss assessor. The delay with the initial meeting was due to the surveyor appointed by the loss assessor's availability. As said in my provisional decision, the MCL LA and surveyor both raised whether the site meeting with everyone was needed. If AXA believe face-to-face time with their internal surveyor and the loss assessor is beneficial, I see no reason why they couldn't have arranged a meeting on site at an earlier time with just the two of them. I still think delays were caused to the claim by the time to appoint the internal surveyor and the requirement for everyone to attend the first meeting.

Extending tender process

Whilst I appreciate there may be issues with getting contractors to tender if a loss assessor is involved in the process. However, in this case it wasn't an issue. Following the contractor pulling out of the process, AXA were able to find two more contractors to tender. I see no reason why AXA couldn't have arranged for more than one contractor to tender initially.

Based on the above, my outcome and suggested redress remains the same.

Putting things right

To put things right, AXA should do the following:

- Pay an additional £500 compensation, for distress and inconvenience, if they haven't done so already
- Pay two and a half months rent, council tax and utility bills, deducting the ex-gratia payment already made
- Pay 8% interest* on the content's payment (£18,646.00) and remaining AA limit (£1,689.41) from 7 March 2024 until 3 April 2024
- Pay 8% interest* on the additional AA payment (£2,495.00) from 20 February 2024 until 5 April 2024

* If AXA considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms K how much it has taken off. It should also give Ms K a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons I've explained above, I uphold this complaint and direct AXA Insurance UK Plc to put things right by doing as I've said above, if they haven't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 27 September 2024.

Anthony Mullins
Ombudsman