

The complaint

Mrs B complains about AXA Insurance UK Plc's handling of a claim she made under her home insurance policy.

AXA is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As AXA has accepted it is accountable for the actions of the agents, in my decision, any reference to AXA includes the actions of the agents.

What happened

In May 2021, Mrs B made a claim under her home insurance policy with AXA after noticing damage to her kitchen floor due to an escape of water. AXA accepted the claim for the damage which was believed to have been caused by a leaking dishwasher. However, there was a delay in progressing the claim and drying and strip-out work didn't start until around ten months after the claim was made. Mrs B and her family went into alternative accommodation while reinstatement works were being carried out. But they had to move properties a number of times due to delays in the work being completed.

When Mrs B and her family returned to the property in August 2022, the reinstatement work hadn't been completed to a satisfactory standard. Mrs B raised a number of concerns about the quality of the repairs and the way the claim had been handled.

AXA arranged for a surveyor to attend the property who agreed there were numerous snagging related concerns. He said these appeared to be born from a combination of poor work, finishing off and movement in the sub-floor.

AXA arranged for two companies to carry out an investigation to establish the cause of a possible ingress of water into the property. But they weren't able to locate a leak. Mrs B arranged for a leak detection company to investigate, and they found a leak from a soil pipe located in the corner of the kitchen.

AXA then arranged for a loss adjuster to manage Mrs B's claim and new contractors were instructed to complete the reinstatement work. The loss adjuster told Mrs B that the soil pipe had been repaired as a gesture of goodwill. However, Mrs B was concerned that the issue hadn't been fixed and was worried about AXA continuing with the reinstatement work.

AXA told Mrs B it wouldn't be investigating any further issues. It was up to Mrs B to decide whether she wished to undertake any further investigations regarding the remainder of the pipework. However, after Mrs B complained the loss adjuster arranged for a sub-contractor to investigate.

Mrs B has raised a number of complaints about AXA's handling of her claim, which she's referred to the Financial Ombudsman Service. Her complaints about delays and accommodation issues up to AXA's final response letter of 13 September 2022 have already been considered by an ombudsman.

AXA issued three further final response letters from December 2022 to November 2023, apologising for poor service. It paid her a total of £2,025 compensation, which was in addition to the £2,475 awarded by the ombudsman who considered her previous complaint.

Mrs B didn't feel this was enough to put things right, so she asked our service to look into the additional matters she'd raised. Our investigator acknowledged that AXA's handling of Mrs B's claim was poor and had caused her sustained distress and disruption. But he thought the compensation AXA had paid her for distress and inconvenience was reasonable. So, he didn't find reason to uphold her complaint.

Mrs B disagreed with our investigator's outcome. She said the disturbance allowance AXA had paid her wasn't a gesture of goodwill. It was a small amount for a family of four to live upstairs in their own house while the whole of the downstairs had been stripped out. There was no kitchen or television, and everything was in storage. They had nowhere else to stay due to AXA not booking their next accommodation in time and this saved AXA a fortune on lettings fees.

Mrs B asked if she had to put in separate claims for the three other members of her family that had been equally disrupted. She also commented that there was no mention of the impact on her youngest son who now schools in a residential placement because of the huge impact AXA's mismanagement of the claim had on him personally.

Mrs B said the compensation she'd received from AXA wasn't even enough to cover her loss of earnings, so she felt no compensation for personal distress had been awarded. She said she believed the ombudsman service could award over £300,000, so she failed to see how the compensation awarded fell in the second from top bracket.

As Mrs B disagrees with our investigator's outcome, the complaint has been passed to me to decide.

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, I've decided not to uphold Mrs B's complaint. I'll explain why.

I've considered everything Mrs B has told our service, but I'll be keeping my findings to what I believe to be the crux of her complaint. I wish to reassure Mrs B I've read and considered everything she has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

I thought it would be helpful to provide some clarity about the Financial Ombudsman Service's role and the scope of the complaint that I'm deciding. Our role is to resolve disputes between complainants and financial businesses, to help both parties move on. It isn't our role to handle a claim or to deal with matters as they arise.

Our service has already considered matters Mrs B complained of up until AXA's final response letter of 13 September 2022 in a separate decision. In this decision I will be considering the further concerns Mrs B has raised up to the point of AXA's final response letter of 9 November 2023. If Mrs B would like us to consider matters after this date, we may be able to do so under a separate complaint.

The relevant industry rules require insurers to handle a claim promptly and fairly.

AXA has acknowledged that its handling of Mrs B's claim has been poor and has paid her a total of £2,025 for the period I'm considering here. So, I've needed to think about whether or not this was sufficient to recognise the impact of AXA's poor service on Mrs B.

It's not disputed that the reinstatement work AXA's contractors carried out in 2022 was of a poor standard. Mrs B reported a number of issues with the workmanship when she returned to her property in mid-August 2022. These were accepted by AXA whose surveyor visited in October 2022.

The original contractors indicated they were willing to rectify the work, but this couldn't go ahead because of a potential leak. I can see that AXA arranged for two companies to investigate the source of the potential water ingress, but they weren't able to establish what this was.

After Mrs B arranged for a leak detection company to investigate, it was determined that there was an issue with a soil pipe in the kitchen. AXA then arranged for a loss adjuster to be appointed to manage the claim. This was in May 2023, which was around nine months after Mrs B and her family had moved back into the property.

From what I can see, strip out works were scheduled to begin in July 2023. AXA also accepted that the kitchen units that had been supplied for the first reinstatement works weren't like for like with Mrs B's original kitchen. So, it agreed for these to be replaced.

I understand AXA's contractors attempted to repair the soil pipe, but this didn't rectify the issue. Mrs B was understandably concerned about reinstatement work going ahead when there still appeared to be an issue. It was no doubt frustrating that AXA wouldn't initially agree to carry out any further investigation. However, AXA arranged for a contractor to look into this in October and investigations were still underway at the time of AXA's response letter of November 2023.

Mrs B and her family were placed back in alternative accommodation while works were being carried out. However, they moved back into the property at the end of September. Mrs B says this was because AXA hadn't arranged further accommodation for them in time and so they had nowhere else to go. In its response letter of 9 November 2023, AXA said it had paid Mrs B a disturbance allowance of £300 for the period of 29 September to 8 October 2023 and she was due a further payment of disturbance allowance from 9 October.

Mrs B says the disturbance allowance was small considering that she and her family didn't have use of the downstairs during that time. But a disturbance allowance is normally paid to cover the reasonable costs of a consumer staying in their home, rather than in alternative accommodation. So, I think this was intended to cover additional costs Mrs B might have had from not having the use of cooking and other appliances at that time, rather than to compensate her for distress or inconvenience.

Mrs B says she's lost income because of time spent moving accommodation as well as having to be around for various visits from various agents and contractors. But in order to consider a loss of income, I'd need to see evidence that it was caused as a direct result of AXA's poor handling of the claim. Mrs B says she isn't able to show this as she is self-employed. So, I haven't been able to consider a financial loss here, but I have considered the time Mrs B has spent dealing with the claim as part of the overall amount I think she should receive for distress and inconvenience.

Mrs B has questioned whether the other members of her household can claim compensation. Mrs B is the sole policyholder which means she is the only person who is eligible to bring a complaint to our service. While I can't award compensation to the other members of her family, I have thought about the knock on effect of their distress on Mrs B. She's mentioned that the changes in accommodation were particularly difficult for one of her sons as he has autism, and this affected his behaviour. She's told us that he was excluded from school and has had to move into a residential setting. While there isn't strong enough evidence to conclude that the situation with Mrs B's son's schooling was as a direct result of AXA's handling of the claim, I think it's likely that his behaviour was impacted by the time spent in alternative accommodation. So, I have considered the additional worry Mrs B experienced as a result of this.

AXA has acknowledged that Mrs B's claim hasn't been managed well and there were delays, issues with communication and problems arranging accommodation.

It isn't entirely clear whether the initial damage was caused by the leaking dishwasher as suspected at the time, or it was due to this other issue. But the information I have suggests that AXA should have identified there was an ongoing issue with an ingress of water much earlier on.

AXA has also accepted that the quality of the reinstatement work carried out by its contractors was poor and that the replacement kitchen wasn't like for like with Mrs B's original kitchen.

Due to the delays in investigating the ongoing issues with the leak, Mrs B was left living with the sub-standard kitchen for almost a year before going into alternative accommodation. Mrs B raised concerns about the accommodation they were given because she was worried about the safety of her children due to the way it needed to be accessed. AXA says they weren't willing to pay for them to stay elsewhere as the property was non-refundable and Mrs B had accepted it via email. I can't see what information Mrs B was given before she accepted the property. But I don't think it would have been necessary for Mrs B and her family to have gone back into alternative accommodation at that time if AXA had dealt with the claim better from the outset. I understand they moved accommodation several times, which further added to Mrs B's distress and inconvenience.

Mrs B and her family then had to return to their home where the downstairs had been stripped out, with no cooking or laundry facilities and the furniture in storage. This was for around six weeks of the time period I'm considering here.

I think Mrs B was caused a lot of unnecessary frustration as a result of AXA's poor communication. She was also inconvenienced by visits from various agents and contractors, which took time away from her work.

Overall, I think Mrs B experienced a great deal of unnecessary distress and inconvenience as a result of AXA's mistakes and poor service. However, AXA has paid Mrs B compensation totalling £2,025 for the period I'm considering here. This is in the range of what our service would typically award where a business's mistakes have caused sustained distress, or severe disruption to daily life typically lasting more than a year. So, I think this amount reasonably recognises the distress and inconvenience Mrs B experienced as a result of AXA's poor service from September 2022 to November 2023.

I acknowledge Mrs B's comment about the Financial Ombudsman Service's award limit being much higher. But the awards we make aren't just for distress and inconvenience, we also make awards for financial loss. And in Mrs B's case, I haven't needed to consider a financial loss.

I know my answer will be disappointing for Mrs B, but I think the compensation AXA has paid her for the matters I'm able to consider in this decision is reasonable. So, I don't require it to do anything further in relation to this complaint.

My final decision

For the reasons I've explained, I don't uphold Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 23 October 2024.

Anne Muscroft
Ombudsman