

The complaint

Mr and Mrs A have complained about the way AXA Insurance UK Plc has handled their claim under their home insurance policy.

Mr and Mrs A are represented by Mr P.

What happened

There was a leak from a pipe under the floor of the kitchen/diner in Mr and Mrs A's home. They made a claim under their home insurance policy. AXA investigated the issue and the pipe was repaired. It then put driers in to dry the area concerned. The flooring in the affected area was damaged. Once it thought the area was dry AXA appointed a contractor, who I'll refer to as PW, who was represented by Mr P, to inspect the damage and provide costings for replacing the flooring in the affected area and the matching flooring in the other rooms of Mr and Mrs A's home. AXA then offered to arrange and pay for the floor in the affected area to be replaced and to contribute 50% of the cost of replacing the flooring in the other downstairs rooms. This was on the basis the tiles on the floor of Mr and Mrs A's home were out of production and it wasn't possible to find replacement tiles to match them.

Mr and Mrs A weren't happy with AXA's offer and complained. This resulted in AXA issuing a final response in which it seemed it was saying it would only cover the cost of replacing the flooring in the affected area.

There are also some other things Mr and Mrs A are unhappy about. I won't go into detail, as I don't think it's necessary, bearing in mind both parties to this complaint are well aware of them. However, I will mention them briefly:

- They and their family had to spend time in a hotel due to the conditions in their home not being acceptable. They incurred extra costs because of this and have not been fully reimbursed for these.
- AXA failed to pick up on a second leak, despite them flagging an issue with their boiler losing pressure. AXA's failure to pick up on this caused a delay and distress and inconvenience.
- They also think AXA's communication and its administration of their claim has been very poor and this and the delay has caused them very significant distress and inconvenience.

In its final response letter AXA offered £400 in compensation for the distress and inconvenience Mr and Mrs A had experienced due to its poor communication. It then paid this amount to a bank account Mr and Mrs A had closed. The bank concerned did send a cheque for £400 to Mr and Mrs A, but they have not paid this in.

Mr P asked us to consider Mr and Mrs A's complaint. One of our investigators did this. He said AXA should pay for the floor in all of the areas in Mr and Mrs A's home that has the same flooring to be replaced, along with any other costs associated with this, such as replacement of the underfloor heating, adjustments to door frames etc as required. He also said AXA should cover any additional costs Mr and Mrs A incurred as a result of being in a

hotel for periods, which it had not already covered. Plus, he said AXA should pay them £1,500 in compensation for distress and inconvenience.

AXA didn't respond to the investigator's view, so the complaint was passed to me for a decision.

I issued a provisional decision on 10 July 2024 in which I set out what I'd provisionally decided and why as follows:

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

Mr and Mrs A's policy covers damage caused by escape of water. It also says that if the item damaged is part of a set, it will only pay to replace the damaged item in proportion to its part in the set. However, the example given in the policy is not very helpful for a buildings claim, as it refers to a sofa. And I'm not sure it is fair to say that matching flooring running throughout more or less an entire property can be described as a set. So I think the key consideration here is how AXA can carry out a lasting and effective repair of the damage to Mr and Mrs A's property in a reasonable way, i.e. how is it reasonable for them to repair the floor damaged by the escape of water in their kitchen/diner.

It's clear from the evidence provided that it is not practical to replace part of the floor in the kitchen/diner and that to repair the damage caused by the escape of water the floor in the whole of this area needs to be replaced. And AXA clearly accepts this. In view of this, I spoke with Mr P to understand whether he thought it would be possible to replace the flooring in the kitchen/diner without replacing the floor in the rest of the downstairs. He explained that if this happened the level of the new flooring would be 2-3mm higher than the existing flooring and it would not be possible to get a suitable join that was sightly or safe. And, of course, this would apply at any point a join was attempted on the ground floor. He did however say that it would be possible to create a suitable join to the existing flooring at the bottom of the stairs. Mr P also explained that when the floor in the kitchen/diner is taken up it is highly unlikely the underfloor heating can be salvaged and re-used. And, in any event, it is highly unlikely it would be possible to re-join it with the underfloor heating on the rest of the ground floor.

So, as far as I am concerned, this all means it is not possible for AXA to carry out a lasting and effective repair to Mr and Mrs A's home without replacing the flooring across the whole of the ground floor of their home. I appreciate one small room on the ground floor has a different type of floor, but due to the issue with the level and underfloor heating I think this will need replacing as well. So as part of the fair and reasonable outcome to their complaint I intend to direct AXA to replace the whole floor in the downstairs of Mr and Mrs A's home. However, as it will be possible to create a suitable break at the bottom of the stairs, I do not consider that AXA needs to pay to replace the flooring beyond the ground floor. Of course this will mean the flooring in the hallway won't match the flooring on the stairs. This is of course not ideal. But the reality is this does not need replacing to ensure a lasting and effective repair. And therefore I do not think AXA needs to pay for it. I do however think it is fair and reasonable for Mr and Mrs A to receive compensation for the loss of match. And I think £500 would be fair for this.

So, as I've already said, I think that as part of the fair and reasonable outcome to Mr and Mrs A's complaint AXA should arrange and pay for the floor across the downstairs of Mr and Mrs A's home to be replaced, along with any other costs associated with this. And I think AXA should appoint PW to do this under the supervision of Mr P. Although, I appreciate AXA has suggested a cash settlement, I do not consider this is appropriate in the circumstances. AXA has not managed the claim well and I do not consider Mr and Mrs A

should be left having to arrange repairs themselves and manage the whole process. I did ask Mr P if PW would be able to undertake the work and he confirmed it would be. If for some reason PW can't start the work in a reasonable time or Mr and Mrs A aren't happy with them doing it, AXA should find a suitable alternative contractor to carry out the work as soon as possible.

Obviously, when replacing the floor AXA will need to make sure any preparation, such as drying the floor and laying new screed is carried out. The associated works will include adjusting the doors and door frames if needed to accommodate the new floor. And the cost of replacing the underfloor heating across the whole downstairs if it cannot be lifted and re-used.

It will be for Mr and Mrs A to choose suitable replacement tiles of the same type and quality as the existing ones. And the contractor can work with them and Mr I to do this. AXA should make sure the contractor (most likely PW) provides a full schedule of works and an estimate of the time the work will take, so Mr and Mrs A know what to expect. And their alternative accommodation will need to be extended and paid for until the work is complete and their home is ready for them to move back into.

AXA will also need to arrange for PW to check the pipe work under the floor in Mr and Mrs A's kitchen/diner to find the other leak that does seem to be present. It will need to cover the cost of doing this as a result of the cover for trace and access under their policy. The pipe in question will need to be repaired. The policy only allows £250 per claim to repair the cause of a leak. However, I think, bearing in mind how poorly AXA has handled Mr and Mrs A's claim and its failure to investigate the other leak they identified, it is fair and reasonable for AXA to cover the cost of repairing the second leak up to a maximum of £500 in total. If however PW discover extensive problems with the pipework under the floor across the kitchen/diner or the leaking pipe costs more than £500 to repair Mr and Mrs A will need to pay any amount above £500 for this work.

I agree with our investigator that Mr and Mrs A shouldn't be out of pocket for the period when they were in a hotel. I say this because I think if AXA had dealt with their claim properly and addressed the issue with the second leak Mr and Mrs A and their family would not have been in a hotel. They'd have either been at home or in an alternative property. It seems AXA has covered these extra expenses for some of the time Mr and Mrs A and their family were in a hotel and paid a disturbance allowance for each person for most of this period. But I think it is fair and reasonable for AXA to pay Mr and Mrs A a disturbance allowance of £20 per person for any periods they and their family were in a hotel in which this has not been paid already. I also think AXA needs to work out what on average Mr and Mrs A spent in extra expenses in the periods AXA did pay these and pay them this amount per week for any period it hasn't paid them.

I also agree with our investigator that this claim has been very badly handled by AXA. I am not persuaded the property was dry when the certificate was issued. I say this because if the boiler pressure was regularly dropping at this point there must have been another leak. And I cannot see how the damp readings taken could have been done properly if this was the case. And it is now nearly two years since Mr and Mrs A made their claim and AXA has not made what I consider to be a reasonable offer in this period. As a result of this Mr and Mrs A have spent a considerable period of time in a hotel when they should have been in an alternative property. And, even when they did go into an alternative property, it was not a like for like one as I'd expect as a matter of good practice. And they've now been out of their home and had to endure the distress and inconvenience of this for an extended period, purely because AXA has not got to grips with their claim and worked out a fair settlement. I think this all means Mr and Mrs A deserve a considerable payment in compensation for distress and inconvenience. And I've provisionally decided £3,000 is fair and in line with the

awards we normally make in this sort of situation. Unlike our investigator, I do not think a further amount paid in disturbance allowance or expenses needs to be deducted, as these are an additional payment for the fact Mr and Mrs A were out of their home, not a compensation payment for general distress and inconvenience.

My provisional decision

For the reasons set out above, I've provisionally decided to uphold Mr and Mrs A's complaint about AXA Insurance UK Plc and make it do the following:

- *Arrange and pay for the replacement of the floor across the whole of the downstairs of Mr and Mrs A's home. And arrange and pay for any other work associated with this, including drying the floor in the kitchen/diner, new screed and adjusting doors and frames etc.*
- *Reinstate the underfloor heating across the whole downstairs of Mr and Mrs A's home if it is possible to re-use the existing system. If it is not, it should replace it with a similar system.*
- *Continue to pay for Mr and Mrs A's alternative accommodation up to the point the works in their home are complete and it is ready for them to move back in to.*
- *Pay Mr and Mrs P a disturbance allowance of £20 per person for each person living in their home for any periods they were in hotels and it did not pay this. AXA should add interest to the amount due at 8% per annum simple from the date the last period for Mr and Mrs A in a hotel ended to date.*
- *Work out the average extra costs Mr and Mrs A incurred in heating, food etc for the periods they were in a hotel and pay this for the periods it has not paid these costs already. It should add interest to the amount due at 8% per annum simple from the date the last period for Mr and Mrs A in a hotel ended to date.*
- *Pay Mr and Mrs A £500 in compensation for the loss of match between the floor downstairs and the stairs.*
- *Pay Mr and Mrs A £3,000 in compensation for distress and inconvenience.*

I gave both parties until 26 July 2024 to provide further comments and evidence in response to my provisional decision.

Both parties have made a significant amount of further comments and they have also provided further evidence. I will not list this here in detail as both parties are well aware of the relevant issues, but I have set out what I consider to be the main points below.

- Mr P has said that the flooring upstairs needs to be the same as the flooring downstairs to help Mrs A orientate herself and stop her becoming confused. He's provided detailed comments and some medical evidence in support of this argument.
- Mr P has said that because of the problems Mr and Mrs A have had with AXA's handling of their claim, which Mr P has listed in detail, they would prefer to have the work completed by their own contractor. Mr P has provided two quotes for the replacing the floor and associated works downstairs.
- Mr P has also said he doesn't think I have been clear on exactly what I expect AXA to pay for. And he has also said he would like me to agree a schedule of works with AXA and a price for the works to be completed based on the two quotes he has provided.
- Mr P has expressed concern about whether AXA will cover the cost of alternative accommodation for long enough for Mr and Mrs A to have the works to their home completed.
- AXA has now agreed to cover the cost of replacing the flooring across the whole ground

floor of Mr and Mrs A's home, including levelling the floor and replacing the underfloor heating. It has said its loss adjuster will contact them to discuss settlement options, including the quotes they have obtained for the works. And it will support Mr and Mrs A with their preferred option of using their own contractor if the costs are deemed reasonable.

- AXA has also agreed to contact Mr and Mrs A's landlord and arrange and pay for an extension to their alternative accommodation for as long as is needed for the works to be completed. It's said if only a six month lease can be agreed it will cover the full cost of this.
- AXA did originally say it seemed some disturbance allowance payments had been missed and it would look into this. But it has since said it does not believe any disturbance allowance payments are outstanding for the period Mr and Mrs A and their family were in a hotel.
- AXA has said it has already made some additional payments for meals, parking, parking fines and laundry costs while Mr and Mrs A and their family were in a hotel, but it agrees to consider any additional out of pocket expenses in line with the terms of Mr and Mrs A's policy. However, it has said it does not agree to paying an average cost for these items across this period and it would also need to take into account any savings Mr and Mrs A and their family made as a result of staying in a hotel.
- It does not agree with my view that it should pay £500 for the loss of match between the downstairs flooring and the flooring on the stairs and upstairs, as these are two separate areas.
- It's also said it shouldn't have to pay up to £500 towards repairing the second leak under Mr and Mrs A's floor. And I think what it is saying is that the policy allowance of £500 for this is per claim and it has already paid or agreed to pay for the repair of the first leak.

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 do of course appreciate Mr and Mrs A are very concerned about the outcome to this complaint and the length of time the matter has dragged on. And the fact they have been out of their home for so long has been very distressing for them. With this in mind, I do want to draw this complaint to a conclusion and bring as much clarity as possible to what should happen in terms of AXA settling their claim. However, I do need to make it clear that I am not a claims handler and I do not normally get involved in reviewing quotes and schedules of works in detail. I usually leave it to the insurer to do this and decide whether the schedule of works and costs proposed by the policyholders' contractors are reasonable. So I will not be agreeing with AXA a set figure for it to pay if Mr and Mrs A decide they want to use their own contractors for the works required at their home. But I will be as clear as possible on the extent of the works AXA should pay for.

I have considered Mr P's comments about his mother's condition and how a difference in the flooring on the stairs and upstairs could impact her. But I do not consider this is a sufficient reason to make AXA go outside of the policy terms and further than it needs to go to carry out what I consider to be a lasting and effective repair to Mr and Mrs A's home. I appreciate this will come as a big disappointment to Mr and Mrs A, but I am sure the flooring they choose will work as well as possible with the flooring upstairs, And I do think AXA's agreement to pay for the whole of the downstairs floor to be replaced, along with any associated works, without even knowing for sure that there will be a problem with the level if only the kitchen/diner flooring is replaced is very reasonable.

It will be clear from what I've already said, that for the reasons I explained in my provisional decision and in light of AXA's agreement to do so, that I consider that the fair and

reasonable outcome to Mr and Mrs A's complaint so far as the settlement of their claim for the damaged floor is concerned, is for AXA to meet the cost of replacing the floor across the whole of the downstairs of their home, plus any cost associated with this. The associated costs will include making sure the floor is level across the whole ground floor, replacing the underfloor heating, adjusting doors and architraves to accommodate the new flooring, adjusting the skirting boards if required or fitting new ones if this is required. Plus, AXA must also cover the cost of drying the floor completely and any other costs that are directly incurred due to adjustments and changes made necessary by the replacement of the floor.

There are two ways this can happen and it is up to Mr and Mrs A to choose which one they prefer. The first is that AXA can appoint a contractor to carry out all the works and pay for them. The second is for Mr and Mrs A to choose to use a contractor of their choice. But this will be subject to AXA checking the quotes provided by the contractor and for materials and agreeing a price for the works with Mr and Mrs A in light of this. AXA can then either make a cash payment to Mr and Mrs A for this amount or make the payment to the contractor if it can agree this as an option with the contractor concerned.

With regards to alternative accommodation; I am pleased to hear AXA has agreed to cover the cost of extending this for a reasonable period for the works to Mr and Mrs A's home to be complete, up to six months if this is all that can be agreed with the landlord. But just to be clear, I do consider AXA will need to cover the cost of this up and until the works are completed. If Mr and Mrs A choose to use their own contractor then AXA will need to establish with the contractor when it can start the works and how long it will take to complete them. And then, provided the overall period for them to start and complete the works is reasonable, AXA must cover the cost of alternative accommodation up to this point. If the works are delayed for any reason AXA will then need to consider whether it is right to extend and pay for alternative accommodation if the existing lease on the property Mr and Mrs A and their family are in is due to expire before the works are completed.

I have no reason to doubt AXA's assertion that there aren't any outstanding disturbance allowance payments for the period Mr and Mrs A and their family were in a hotel. But, as I said in my provisional decision, they clearly did incur some extra expenses as a result of being in a hotel which I think need to be covered because AXA did not arrange alternative accommodation for them quickly enough. I set out in my provisional decision that to achieve this AXA needs to work out the average extra costs Mr and Mrs A incurred in heating, food etc for the periods they were in a hotel and pay this for the periods it has not paid these costs already. I also said should add interest to the amount due at 8% per annum simple from the date the last period for Mr and Mrs A in a hotel ended to date. I see no reason to depart from this being part of the fair and reasonable outcome to Mr and Mrs A's complaint, as I consider it to be the simplest and fairest way for Mr and Mrs A and their family to receive the right amount to cover these extra expenses.

While I appreciate the terms of Mr and Mrs A's policy do say AXA only need to pay the cost of repairing the floor in the room in which the floor is damaged, I do not think this is possible in this instance because of the level issue that doing this would create. And I am pleased AXA has agreed to cover the cost of the replacing the floor across the whole ground floor. But this does mean it won't match the floor on the stairs, despite it adjoining the stairs. With this in mind and bearing in mind our normal approach to cases where there is a loss of match, it remains my view Mr and Mrs A need to be compensated for this. So, I still consider AXA needs to pay them £500 in this regard.

I also consider AXA needs to pay up to £250 towards the cost of repairing the second leak under Mr and Mrs A's floor, which will be repaired when the existing flooring is taken up. I say this because I see this as a separate incident. Therefore, I do not consider it is fair for AXA to apply the limit of £250 to this incident and the repair of the previous leak.

AXA hasn't commented specifically on the £3,000 I said it should pay Mr and Mrs A as compensation for general distress and inconvenience. But from what it has said it is clear it accepts there were major failings with its approach on Mr and Mrs A's claim. With this in mind, I see no reason to alter my view that this is a fair amount for AXA to pay in compensation for general distress and inconvenience.

Putting things right

For the reasons set out above and in my provisional decision I've decided to uphold Mr and Mrs A's complaint and make AXA do the following:

- Cover the cost of replacing the flooring across the whole ground floor of their home and any further works required because of this either by appointing a contractor to do the works or by agreeing a cost for a contractor of Mr and Mrs A's choosing to do it. This is on the basis I have set out above.
- Pay Mr and Mrs A up to £250 to cover this cost of finding and repairing the second leak at their property.
- Cover the cost of alternative accommodation for Mr and Mrs A and their family until the works are completed, provided this is a reasonable period or due to things outside of Mr and Mrs A's control.
- Pay Mr and Mrs A an additional amount to cover any extra costs they incurred as a result of being in a hotel on top of the disturbance allowance for any weeks it has not paid this extra amount already. The amount due should be based on an average of the amount AXA has paid in the weeks it has paid for these things. AXA must also add interest to the amount due at 8% per annum simple from the last day they were in a hotel to the date of payment.*
- Pay Mr and Mrs A £500 in compensation for the loss of match between the new flooring in the downstairs of their property and the flooring on the stairs. AXA must pay the compensation within 28 days of the date on which we tell it Mr and Mrs A accept my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.*
- Pay Mr and Mrs A £3,000 in compensation for general distress and inconvenience. AXA must pay the compensation within 28 days of the date on which we tell it Mr and Mrs A accept my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.*

AXA must tell Mr and Mrs A if it has made a deduction for income tax. And, if it has, how much it's taken off. It must also provide a tax deduction certificate Mr and Mrs A if asked to do so. This will allow Mr and Mrs A to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.

My final decision

I uphold Mr and Mrs A's complaint about AXA Insurance UK Plc and order it to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mrs A to

accept or reject my decision before 3 October 2024.

Robert Short
Ombudsman