

The complaint

Mr G complains that AXA Insurance UK Plc treated him unfairly when he made a claim for his damaged sofa. Reference to AXA will include those who were acting on their behalf.

What happened

Mr G has a property which he rents out, and his AXA insurance policy covers him for damage to the contents he owns. Mr G's sofa suffered water damage, so he made a claim for a replacement.

He wasn't happy with the offer made by AXA though, he didn't consider it to be like-for-like and says he was asked to obtain his own quote for a bespoke replacement. AXA didn't agree to the cost of that and offered a cash settlement instead. Mr G remained unhappy, so he complained.

Agreement on a fair outcome of the claim couldn't be reached and so the case was brought to our service. Mr G also said AXA's handling of his complaint was poor, and that only added to his frustration.

An investigator here reviewed the matter. They felt AXA's settlement offer was in line with the terms and conditions of the policy and so he said they had acted reasonably. And while they acknowledged there were some failings on AXA's part, the investigator felt the £150 paid for that was fair. Mr G didn't agree, so the case 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.

I'd like to begin by saying that I haven't gone into each and every point raised by Mr G and AXA. That isn't intended as a discourtesy, rather it reflects the informal nature of our service when compared to the courts. I've focussed on the outcome of the claim/settlement offer and the overall handling of things by AXA.

It may also be helpful for me to explain that complaint handling isn't considered to be a regulated activity. That means it doesn't really form part of our investigation. That said, if we think poor complaint handling exacerbated an already poor claims experience then we can take account of that.

Starting with the claim outcome itself, I've reviewed the terms and conditions of Mr G's policy and they say:

“We can choose to settle **Your** claim by replacing, reinstating, repairing or by payment.”

I understand Mr G paid around £1,000 for his sofa plus delivery, but that an exact replacement isn't available, nor could it be reinstated or repaired. That's why Mr G says it was suggested he obtain a quote for a bespoke replacement.

However, the cost for that comes to £5,790 with an additional £600 for delivery and installation. So, I can understand why AXA doesn't consider those amounts to be acceptable in terms of policy coverage – they felt it would be considered as betterment.

I agree with Mr G that the sofa AXA proposed as like for like isn't really the same, but I don't think that means he's entitled to a bespoke one which will cost around six times the amount he paid for the now damaged one. I appreciate Mr G says it was AXA's idea for him to obtain a bespoke quote, but that was in an attempt to find a resolution. I don't consider it to indicate that they would cover to cost, regardless of what that may be.

In the end, AXA offered £1,117 in settlement of the claim, less the policy excess, which was based on the closest match felt to be available. I don't consider that to be unfair. I do appreciate it doesn't put Mr G in the exact same position as he was before the loss, but that seems almost impossible, save for incurring exorbitant costs for a bespoke replacement.

I don't think that is what the policy intends. So, overall, I don't consider the claim settlement amount is unreasonable.

Turning to the compensation, it's clear this matter has gone on for quite some time, but it isn't unusual for the compensation for delays to be modest. Of course, it depends on the specific circumstances of each case, however, in this case while I recognise the claim ought to have been handled more efficiently, I consider the compensation of £150 for that to be in the area we would expect.

My final decision

It is my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 19 December 2024.

Will Weston
Ombudsman