

complaint

This complaint is about AXA Insurance UK Plc's treatment of Mr M's claim under his Business Protector Policy.

background

Mr M's garden wall was hit by a car and Mr M tried to get the driver's insurer to pay for the damage. Several months later Mr M carried out the repairs himself, using the building firm he owned. He then claimed on his policy with AXA.

AXA felt that the amount claimed for was a lot more than the work should have cost and offered to pay Mr M around a third of the amount. Our adjudicator felt that AXA had behaved reasonably and Mr M referred his case to an ombudsman.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Mr M obtained quotes from his own firm and two others. They were all for roughly the same amount with Mr M's quote in the bottom range. AXA appointed a firm of loss adjusters and a firm of buildings claim validation specialists. It also obtained a copy of the report from the loss adjusters appointed by the driver's insurers. These reports all suggested a much lower cost for the work and below the amount AXA has offered Mr M.

Mr M believes that AXA specialists haven't understood how the wall had to be repaired and have underestimated the costs of labour. AXA's loss adjusters have specifically said that they have taken into account the construction method Mr M has described and still think the costs should have been lower than the amount AXA has offered.

Insurers can often get work done much more cheaply than a policy-holder would be able to. There is nothing wrong with this as the policy-holder gets his building repaired and he shouldn't mind how much it cost the insurer to do it. But, problems can arise where the policy-holder wants to carry out the repairs himself as the insurer will only want to pay what it would have cost it to do the repairs. Normally, we think that's fair where it's the policy-holder's choice to do the works himself.

Here, AXA didn't have a chance to do the repairs itself. The repairs were finished before Mr M made a claim. I've listened to the calls made when Mr M first contacted AXA after the accident and he says clearly that he didn't want to make a claim under his policy and was going to try to get the driver's insurer to pay.

In the circumstances, I think AXA's offer to pay what it believes the repairs should have cost is reasonable. AXA has obtained advice from three experts and it has made an offer, which is more than any of the experts suggested. The quotes Mr M obtained do show a quite different picture but they were produced by businesses trying to make money and they may not reflect the savings AXA could have made if it had arranged the repairs itself.

my final decision

My final decision is not to uphold the complaint. Under the rules of the financial ombudsman service, I am required to ask Mr M to accept or reject my decision before 10 July 2015.

Jonathan Coppin
ombudsman