

The complaint

Mr and Mrs P complain that AXA Insurance UK Plc's offer to settle a claim on their buildings insurance policy doesn't cover all of the damage at their property.

What happened

Mr and Mrs P made a claim on their policy relating to subsidence at their home.

AXA appointed loss adjusters to deal with the claim. The loss adjusters confirmed there was some subsidence but said the cause of that had been addressed. They carried out monitoring over a lengthy period and said this showed the position had stabilised and there was no ongoing subsidence movement.

Mr and Mrs P were unhappy as they said there was movement to an internal wall but AXA refused to cover this. It said the loss adjusters' report showed the movement to the internal wall wasn't due to subsidence and so would not be covered by the policy.

AXA offered to pay a cash settlement for repairs relating to the subsidence but said Mr and Mrs P would have to deal with the repairs to the internal wall.

Mr and Mrs P complained but AXA didn't change its decision, so they referred the complaint to this Service. Our investigator said:

- AXA had carried out work relating to the subsidence and monitoring had shown this has resulted in the subsidence being stabilised.
- The advice from the loss adjusters was that the problem with the internal wall was not caused by subsidence and there was no contradictory evidence showing otherwise.
- It was reasonable for AXA to ask Mr and Mrs P to deal with the internal wall. If, when they deal with this, they obtain their own expert advice they can present that to AXA to consider.

Mr and Mrs P disagree and have requested an ombudsman's decision.

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.

The relevant industry rules and guidance say insurers must deal with claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress; and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.

Mr and Mrs P are naturally very concerned about the condition of their home. I know the situation is very difficult for them to manage and has caused them a lot of concern. But I

need to consider what the policy terms say and whether the damage they are worried about is covered by their policy.

The policy defines subsidence as *“Downward movement of the site on which the buildings are situated by a cause other than the weight of the buildings themselves”* and provides cover for subsidence as follows – *“Damage to your home caused by the ground moving...”*

There’s an exclusion for damage *“to or resulting from movement of solid floor slabs and non load bearing walls unless the foundations beneath the load bearing walls of the home are damaged at the same time by the same cause.”*

AXA appointed loss adjusters to investigate the damage at Mr and Mrs P’s home. They confirmed there had been subsidence, but measures were taken to address this. Following a period of monitoring, they advised that the subsidence was now stabilised. AXA has agreed to pay for repairs to damage caused by the subsidence and made a cash offer to cover the cost of this. It says the internal repairs need to be done and those are Mr and Mrs P’s responsibility.

Looking at the evidence AXA has obtained, this shows the subsidence has become stable. The loss adjusters have identified the cause of the movement in the internal wall as follows:

- ineffective/inadequate bearing capacity of the partition wall, failing to support the weight of the chimney breast resulting in the subsequent movement/damage; and
- possible poor compaction of the original hardcore material prior to it being covered in concrete.

I appreciate the loss adjusters haven’t carried out detailed inspections of the internal wall. But they have shown that the subsidence has been stabilised, with no further signs of movement in the external walls. If the external walls are not showing signs of damage at the same time as the internal wall, this indicates it is a separate issue causing the movement in the internal wall, in which case the exclusion I have referred to above would apply. And the likely cause given for the internal movement is that the wall is unable to support the weight of the chimney breast, rather than ground movement.

So the evidence obtained by AXA is that the issue with the internal wall is separate from the previous issues with external walls and has a different cause.

AXA’s decision is in line with the professional advice it has received and there’s no contrary evidence to show there is ongoing subsidence, which is affecting the internal wall. On that basis I think it’s decision that the damage to the internal wall is not covered is reasonable.

AXA said that rather than carrying out the external repairs, it would pay a cash settlement to Mr and Mrs P based on a schedule of work needed. This will enable them to deal with those repairs when they carry out the internal repairs. Again, that seems reasonable in the circumstances.

If Mr and Mrs P appoint professionals to deal with the internal repairs and those professionals provide evidence that contradicts the loss adjusters’ evidence, I’d expect AXA to reconsider the position. But on the information obtained so far, its decision is in line with the policy terms and is fair.

My final decision

My final decision is that I don’t uphold the complaint.

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

accept or reject my decision before 6 November 2023.

Peter Whiteley
Ombudsman