

The complaint

Mr X is unhappy with the way that AXA Insurance UK Plc dealt with his home insurance claim for fire damage to his property. Although most of the dealings in the claim were by loss adjusters, unless I say otherwise, for convenience I shall refer to AXA throughout.

What happened

Mr X's home suffered a fire in early June 2022, when some cooking oil in the kitchen caught fire. There was extensive damage to the kitchen and surrounding area, and other areas of the house were affected. He and his family consisted of 9 adults and 5 children. They were put in emergency hotel accommodation at the outset. AXA immediately sent instructions to an accommodation bureau to seek longer term rental, but in the light of the size of the family, it had considerable difficulty doing so. Mr X has medical and age vulnerabilities and other members of his family also have vulnerabilities. This was noted by AXA at the outset.

AXA arranged for a specialist cleaning /drying company to assess the cost of cleaning and drying the property and to assess the damaged contents. Then a contractor was sent to review the repairs needed in early July. However Mr X wasn't happy with that contractor. AXA agreed to appoint an alternative contractor. The new contractors then priced up a schedule of works. However AXA thought the schedule to be overpriced in part and decided that a surveyor would be needed.

Mr X was concerned about the instructions given to the surveyor as he felt they were being asked to not price certain items because AXA thought they weren't related to the fire damage. AXA tried to reassure Mr X that the surveyor would be independent, but nonetheless agreed to instruct a different surveyor.

The surveyor's site visit took place at the end of August 2022. There was some confusion as AXA had omitted to cancel the first surveyor, so one surveyor from the first firm and two from the second firm were there, together with the loss adjuster. Mr X's sons were there but after consultation with their father opted to proceed with the second firm. After the visit had taken place, Mr X complained that one of the two surveyors from the second firm lived near them and knew them. AXA agreed that the surveyor would no longer have any dealings with the claim, although denied that there was any relationship with Mr X's family.

Mr X nonetheless decided that he didn't want to proceed with the surveyors and asked AXA to appoint a different firm. AXA said it had no more surveyors it could appoint and, in any event, if Mr X was questioning their independence that would apply to any surveyor it might appoint.

In the meantime AXA warned Mr X that the alternative accommodation (AA) limit of £85,000 would soon be used up. It paid Mr X a disturbance allowance (DA) of £2,000 a month (total paid of £6,000) for the first three months. Mr X reluctantly agreed to an arrangement whereby three properties would be rented and some family members would live with a relative with an allowance paid. AXA made it clear that the AA limit in the policy would be used up by the end of the six months let. He and his family moved to those properties in mid-September 2022.

It was agreed that Mr X would appoint his own surveyor. In fact he chose to appoint, independently, a surveyor from the first firm. He did this in early September. However because the surveyor decided to put the works out to tender, their report and tender analysis was only available at the end of November. At that stage that surveyor recommended proceeding with the lowest priced tender, of £145,900 plus VAT.

The loss adjusters received the tender analysis and recommended to AXA a settlement of £110,000 be made, which excluded provisional sums. This was put to Mr X in mid-January. He rejected it and the offer was increased. I understand from Mr X's response to our Investigator's view, that the buildings element of the claim was settled for £150,000 inclusive of VAT. Although I'm not clear exactly when, this would have been some time after our Investigator's view dated 24 March 2023.

After the six months let on the properties ran out in March 2023, Mr X advises us that he had to move back to the partially burnt out house.

From the point of view of payments made to Mr X before April 2023, these consisted of three payments of DA at £2,000 each, and an interim settlement for the contents of £13,423. Mr X made complaints about the way he was treated by agents at the accommodation bureau particularly with regard to extending the hotel stays, and by AXA's claim handlers. He also said that AXA had failed to pay him a full DA and failed to provide adequate AA for him and his family. He further said that due to the delays in the case he had to return to a burnt out house.

His initial complaints about the way he was treated, lack of communication and with regard to the provision of AA were responded to by AXA in an email of 22 August 2022. It said that the claims team could have managed certain elements of the claim better. And that there were occasions that proactivity and communication had been lacking, for which it apologised. Further the delays in extending the interim accommodation, understandably increased the level of inconvenience at an already difficult time for Mr X and his family. It paid £300 compensation. It hasn't responded to Mr X's further complaints although I understand it has agreed to us looking at them.

On review by our Investigator she said that in all respects AXA had acted reasonably, so wouldn't recommend any further award.

I issued a provisional decision. In it I said that AXA should consider the blinds and light fittings as part of the buildings settlement, and should pay 8% simple interest on £110,000 from 1 December 2022 until the settlement was paid.

I also said that AXA should pay further DA of £2,220, plus £2,000 per month DA (assessed proportionately), with interest, for the period that Mr X had to live in the unrepaired property until he received the settlement.

And that AXA should also pay a further £700 compensation

AXA responded and said it has no further evidence to submit.

Mr X responded. I have set out his comments and my responses below..

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 should reiterate what I said in my provisional findings concerning the function of the Financial Ombudsman Service. I have read and fully considered Mr X's points in response. but I will be looking at this matter holistically rather than making findings on every point made.

My provisional findings are set out below, in italics:

"I should advise Mr X first of all that the Financial Ombudsman Service is an alternative dispute resolution service. Our function is to try to resolve complaints informally between the parties and to look at the overall service provided. To that end, whilst I have fully considered Mr X's correspondence with the Financial Ombudsman Service, and the documents provided by him and by AXA, I won't be going into each and every complaint point by point.

delays

This is one of Mr X's major complaints. He contends that if AXA hadn't caused delays in the matter, he wouldn't have had to return to a burnt-out house with the AA allowance being used up.

The loss adjuster carried out a site visit almost immediately. A contractor came out at the beginning of July. Mr X objected to that contractor's behaviour. Though the contractor denies it and it does appear that Mr X objected to any discussions about any issues the house had (particularly damp) before the fire. However I don't think any major delay occurred in appointing a new contractor. And it appears that it was AXA's decision to appoint a surveyor following the second contractor's estimate. I think that was a reasonable decision by it. And I've not seen any indication that the surveyor's visit could have taken place any sooner than it did, i.e. 27 August 2022.

I'm aware that after that visit Mr X decided that he didn't want AXA's surveyor to report. But it was an awkward situation, in that because of a mix up between AXA and the first surveyor representatives from two firms of surveyors turned up, the second one after the first surveyor had already started discussing the claim with Mr X's sons. They had to choose on the spot which firm to use.. As it was already a delicate situation, I'm not surprised if Mr X then lacked confidence. Another issue was that one of the surveyors lived nearby and Mr X asserted afterwards that they were known to him. Though this was nobody's fault (in my view).., it nevertheless didn't inspire confidence.

I don't think Mr X was at fault for the delay in his appointed surveyor reporting. I do think, given AXA's experience of Mr X from the outset, it was always going to be likely that he wouldn't be satisfied with AXA's appointed surveyor. He appointed a surveyor in early September 2022 and the only reason for the delay in reporting was because that surveyor carried out a tender process, to which three firms responded. Such a process would inevitably take some time. And whilst AXA probably could have proceeded with the repairs without putting the works out to tender I doubt that a private surveyor could have easily done that.

I do think though that AXA delayed after receiving the tender documents on 27 November 2022. Within a few days the loss adjusters were able to recommend to AXA that it settle for £110,000. It took until 14 January 2023 for AXA to approve this offer. And though Mr X didn't accept the offer, and later an improved offer was accepted, AXA made no attempt to provide an interim payment which it could have done at the beginning of December. Certainly, no payment for the buildings had been made by the time the AA had expired. If this had been made Mr X might at least have been in a position to get works under way before the AA had expired.

I think, as a partial remedy to this, AXA should pay 8% simple interest on the £110,000 from 1 December 2022 until it paid the settlement.

AA and DA

From the outset of this claim AXA was aware that firstly the property was likely to be uninhabitable for some time and that Mr X's family consisted of 14 people, incurring expensive hotel costs. I note that it immediately instructed an accommodation bureau who advised fairly quickly that AA for 14 people in one property was unlikely to be available. Further, I don't think AXA was clear enough in warning Mr X that like for like AA wasn't going to be available and he would have to compromise. It wasn't really until mid-July, when £60,000 of the £85,000 limit had been used up, that any urgency in seeking a rental property was impressed upon Mr X. I can understand that in his situation he would have been very unhappy to be told that. But in my view, it would have been better than what did happen, which was to later tell Mr X that the AA limit had run out and no further payments would be made, though he had thought the payments had been agreed.

Mr X moved into the let properties on or about 19 September 2022. It's my view that had warnings been given to Mr X sooner, he could have moved into let properties about a month sooner than he did.

As regards DA, I don't think this situation was set out to Mr X very clearly either. He was told he could be paid £500 per week, but this became £2,000 a month. There was also an agreement that four family members would stay with a relative and be paid a total allowance of £1,229 a month. I'm aware that the DA paid was considerably less than the usual payments given for DA (which would be £10 a day for adults and £5 a day for children). I understand the reasons for this, which was to manage the AA limit. And the insurer is not obliged under the policy terms to pay DA for any particular amount.

I think the problem in this case is that Mr X, despite being aware of the policy limits for AA was told he would receive the allowances. He received £2,000 for each of the first three months but received no payment in September or for the family members living with relatives. Instead, he was later told there were no funds available.

In light of my finding concerning when Mr X should have been able to move to the let properties, I think AXA should pay further DA of £1,000 for September 2022 and £1,220 for one month of the family members staying with a relative, a total of £2,220. Additionally, it should pay DA for the time Mr X had to live in the burnt-out house without a settlement. However, I don't know if a figure for this was included in the settlement. If it wasn't, it should be paid proportionately at the rate of £2,000 a month until the settlement was paid.

Bearing in mind that the policy limit had been exhausted, but that AXA should have been much clearer with Mr X, I think this is a reasonable payment to make.

conduct of claims handlers

Mr X says the claims handlers were bullying, neglectful and rude to him. He believes they discriminated against him because of his vulnerabilities.

I think AXA was aware and was mindful of Mr X's vulnerabilities from the outset. It admitted that it wasn't proactive enough at the start of the matter. However, from considering the calls made I don't think that AXA's claims handlers were rude or bullying. The calls I've listened to all appeared to end amicably. I'm aware that Mr X preferred communication by telephone rather than by email. And I understand that one claims handler was appointed to give Mr X regular updates. AXA subsequently decided that it would limit telephone contact with Mr X

because he was calling in multiple times and it felt this agitated his health condition There was, I think, a certain element also of AXA wanting to protect its members of staff.

Whilst I'm aware that Mr X denies this, if this was AXA's perception, I don't feel I can criticise it for this. I don't find that AXA's claims handlers acted unfairly towards him.

availability of hotel rooms

At the beginning of the claim Mr X was quite understandably anxious about himself and his family being able to stay in hotels. And I understand that there were occasions when Mr X had to chase up to ensure rooms were booked. At first this was done on a very short-term basis which caused more stress. On one occasion there was no booking for one night, though I'm unaware whether this was the hotel's or the accommodation bureau's error. As a result, some family members had to sleep on a relative's floor, and this was clearly distressing. After this the hotel stays were booked on a longer-term basis.

I'm aware that Mr X has complained about the attitude of some of the members of staff at the bureau, and feels it shouldn't have been used. But looking for AA is a specialised job and there are a limited number of agencies an insurer can use. The normal procedure would be to find out what the consumer wants but also to let them look for their own, and I haven't seen anything wrong with that. As for the attitude I don't think I have enough evidence, given the bureau's denial of any inappropriate conduct, to make a finding about that.

Mr X feels the bureau's fees shouldn't have been charged as part of his AA allowance. However, given that his AA limit was exceeded by around £10,000 and that the bureau was entitled to be paid for its services I don't intend to make any award about that. As for the difficulties at first and the one night when Mr X didn't have anywhere to say I think the compensation paid and that I'm proposing to award is reasonable to account for that.

deposit payments

When the let properties were booked AXA paid the deposits out of the contents limit on the policy. No doubt this was done to help Mr X as such deposits are normally for the consumer to pay. I think AXA should have told Mr X what it proposed to do but given that the deposits would have been returned and that it was unlikely that Mr X would have been able to fund this out of his own pocket, I don't propose to take any further action.

settlement

I understand that Mr X has accepted settlements for the cleaning of the buildings and the contents, repairs to the building, the contents and further AA during the repairs. Mr X remains unhappy with the amounts paid.

Apart from the contents I'm not in a position to review the settlement of the other items. This is because the circumstances in which settlement was agreed would need to be investigated and the actual amounts paid against these he now seeks may need to be gone into in detail with both sides. So far all I have is his assertion that he should be paid more. I'm afraid this will have to be the subject of a separate complaint.

In respect of the contents, Mr X has mentioned the bespoke fitted blinds and some light fittings which AXA insisted on adding to the contents settlement. As the limit was reached effectively he wouldn't have been paid for these. My view is that fitted blinds and any lights that weren't free standing were part of the buildings. I won't consider these here as they have to be considered as part of the buildings settlement, and I would observe, contained in the tender quotation.

Otherwise I'm satisfied that the contents were assessed at a reasonable figure, taking account of the uplift in value in respect of certain holidays and birthdays. Mr X asserts he should be paid more to account for inflation since the claim was made, but I'm satisfied this was settled within a reasonable time and that an uplift of £1,000 was fair.

compensation

Mr X has been paid compensation of £300. In light of my findings concerning the delays in providing him with a settlement or any interim payment leading to the AA expiring before he could get any repairs under way, I think that he should be paid a further £700 for distress and inconvenience."

Mr X feels that important factual points highlighted in his response of 24 April 2023 have been missed and the gravity of the mistakes that were caused by AXA are not fully reflected in the compensation offered.

Mr X has also mentioned discrimination. We don't make findings of discrimination under the Equality Act, as that is the function of the courts. But we can decide whether AXA treated Mr X fairly, bearing in mind the vulnerabilities he has advised us, and AXA, about.

I have corrected factual points in the background. Specifically with regard to the contents, the £13,423 was an interim settlement, The full settlement, the balance of which was paid in April 2023, was £45,659.63.

building settlement

Mr X asks that some form of remedy should be provided in addition to the interest offered as it should not have taken until 13 April 2023. He also points out that the matter was settled by AXA taking over the conduct of the claim at the end of March 2023. He feels that it could have taken over in September 2022.

The interest to be paid is addressed in the point about the delay in addressing the settlement, as I set out in my findings. I also took it into account in my award of compensation.

I'm aware that Mr X was upset at the conduct of the loss adjusters. But in September 2023, Mr X's surveyor had just carried out his inspection, and then the matter was put out to tender. A loss adjuster would normally perform the function of assessing and recommending a settlement. I think that the delays from December 2022 until full settlement was made were due to AXA not agreeing the claim and then failing to pay the settlement in time. It appears that the loss adjusters could have done more to chase things up, but I don't think that AXA was in a position to take over the claim until its loss adjusters reported.

DA

Mr X says that given that AXA was fully aware of Mr X's and his family's vulnerabilities, it is unreasonable to justify paying DA less than the amount entitled by being of the understanding they are not legally required to under the policy. He feels it would be much fairer to ask that it honours its promise to pay for family members to stay elsewhere and pay £1,220 for each month of the 6 months his 4 family members stayed with relatives.

He has an email from AXA accepting that it pays DA at a specific rate above what he was paid and feels that this does constitute discrimination.

I don't think that the payment of DA reflected a lack of care about Mr X's vulnerability. And again while I accept that the DA actually paid was less than the amount an insurer normally pays, in this case Mr X and his family consisted of 14 persons. And the purpose of paying DA was to account for Mr X's specific expenditure incurred by staying in a hotel. So that would come out of the policy limit for AA. I have already said this could have been handled better but faced with the choice of paying the full DA and letting the accommodation limit run out, leaving Mr X to pay for his own accommodation it made sense in my view to limit the DA payments to enable Mr X and his family to keep staying in a hotel.

As to payment of additional DA, I can require that AXA pay that, outside the terms of the policy if it was at fault, which is why I considered it appropriate for it to pay an additional month's DA and for the time Mr X lived in an unrepaired property. I realise that Mr X doesn't feel this compensates him enough, but it is a question of balancing resources against not unreasonably penalising AXA.

bullying:

Mr X says that AXA tried to force him to use a surveyor he didn't want.

And he says that it was extremely offensive to tell him that the loss adjuster who was responsible for under valuing the claim, making negligent mistakes in incorrectly calculating the DA and being in part responsible for not raising their concerns regarding the accommodation bureau seriously that resulted in him and his family being homeless, would no longer deal with the claim. Only to find he still was and is referred to in an email dated 11/8/22 as an 'administrative asset'. Which he thought was rude and insensitive. AXA knew of their problems earlier in the claim, it could have easily, Mr X thinks, transferred the matter to another party.

In respect of the surveyor, I think the point made was that Mr X could either accept its surveyor or instruct his own surveyor. It was a fine line to tread between accepting Mr X's concerns and keeping the claim under control. I can understand how this came across to Mr X, but I don't think I can criticise AXA for trying to keep the claim under control.

Mr X was understandably upset about being homeless for one night which I understand was due to a booking error. And I realise that his perceptions of the loss adjuster were that he had made mistakes or not followed up his concerns. But again in trying to manage the claim, I think AXA acted appropriately in removing the loss adjuster from a customer facing role but in keeping him in the background, when he had done a lot of work on the case. I think it was a matter for AXA's professional judgment whether it did that or transferred the claim to another firm of loss adjusters – the latter of which would likely have caused further delays.

conduct of claims handlers

Mr X says the calls I listened to that appeared to end amicably were not the calls specifically mentioned in previous correspondence, as those calls resulted in the adviser hanging the phone up on him, advisers promising not to put him through to a particular adviser, then keep putting him through to him. This to the point where he broke down and the adviser still hung up on him. He refers specifically to calls from 27-28/10/22 and says to put him through to someone being made aware he feels bullied by them is rude, neglectful and a form of bullying. A number of calls were made due to call backs not being honoured.

I requested further recordings of telephone calls which AXA has provided, there are over 80 of them. There is just one call on 27/10/22, none on 28/10/22. This was to an adviser who was not part of the claim but was nevertheless polite and respectful (as was for that matter Mr X). It ended with the adviser attempting to put Mr X through to an appropriate person but

the call ended before that could happen. Other calls did end with the adviser starting to put Mr X through but ending before this could happen. I have heard no evidence of calls ending with the adviser hanging up or being aware that Mr X felt bullied so didn't want to speak to a particular person. I agree that there's no evidence that Mr X posed a threat of any kind. But AXA perceived, rightly or wrongly that the number of calls being made affected Mr X's health, and I don't feel it should be criticised for that.

complaint

Mr X says that, given AXA was aware of his vulnerability, it should have called him to discuss his complaint more so as they were left homeless in June last year. However, he says it was rude and neglectful to write a final response letter and refusing to speak to him and not even apologising for his being left homeless, and refusing to accept the family were neglected.

All I can say is that it was up to AXA how it responded to his complaint, with the information in front of it. I do think that as matters progressed Mr X's particular concerns may have become clearer. But I can't say that not calling him or not accepting particular points was rude or neglectful.

accommodation bureau's fees

Mr X says it's not unreasonable to request the fees are looked into especially if their conduct resulted in him and his family being homeless. He has been in touch with AXA who has told him it does use another agency so it could have instructed that one

I reiterate what I said in my provisional findings. I agree Mr X can ask for the fees to be looked into. But to the extent that the bureau was at fault in his being made homeless for one night, AXA is responsible and I've taken it into account in the compensation award. As for whether it could have transferred instructions, again that was a matter for AXA's judgment at the time.

deposit

Mr X points out that he did have to go through an additional inconvenience whereby the bureau only agreed to repay it provided AXA approved.

I don't I think I can add anything to what I've already said about this.,

building settlement

Mr X has continued to question whether the settlement was fair.

As I've said this isn't a matter I can look into. It would be unfair if I were to express a view on it without full details of the settlement, which was paid to him after the Investigator issued her view. And I'm satisfied that the interest paid and the compensation award is a reasonable remedy for the delay in providing the settlement.

contents settlement

Mr X feels that by agreeing to pay £1,000 to account for inflation in circumstances where AXA increased the contents cover limit to £49,125.59 is unreasonable. He also feels that interest should be paid on the contents settlement since this could have been paid in September 2022.

On reflection, as I'm now aware of the full amount of the contents settlement, and as the bulk of the settlement was paid after our Investigator's view, I don't think I can go into the further £1,000 figure.

I don't think AXA was in a position to make a full payment in September 2022. Unlike the payment for the buildings, an interim payment was made. The reason I said AXA should pay interest on the buildings settlement was because I thought it was in a position to make an interim payment in December 2022, but made no payment until April 2023.

So, apart from where I've said otherwise, I'm still persuaded by my provisional findings. Those findings are now final and form part of his final decision.

Putting things right

AXA should consider the blinds and light fittings as part of the buildings settlement.

AXA should pay 8% simple interest* on £110,000 from 1 December 2022 until the settlement was paid.

It should pay further DA of £2,220, plus £2,000 per month DA (assessed proportionately) for the period that Mr X had to live in the unrepaired property until he received the settlement.

AXA should add simple interest at 8% per year to the above figures from the date(s) they became payable until Mr X is reimbursed.

It should also pay a further £700 compensation.

*HM Revenue & Customs may require AXA to deduct tax from any award of interest. It must give Mr X a certificate showing how much tax has been taken off if he asks for one.

My final decision

I uphold the complaint and require AXA Insurance UK Plc to provide the remedy set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr X to accept or reject my decision before 3 August 2023.

Ray Lawley
Ombudsman