

The complaint

Mr and Mrs S complain about the settlement offered by AXA Insurance UK Plc following a claim on their home insurance policy.

Much of this complaint relates to the actions of AXA's appointed contractors. As AXA accept they are responsible for the actions of their appointed agents, for the purposes of my decision, any reference to AXA should be interpreted as also covering the actions of their agents.

What happened

The background to this complaint is well known to Mr and Mrs S and AXA. In my decision, I'll focus mainly on giving the reasons for reaching the outcome that I have.

Mr and Mrs S made a claim on their home insurance policy after an escape of water in March 2020 caused damage to their property. Mr and Mrs S raised a number of complaints during the course of their claim about how the claim was progressing and the settlement offered.

In March 2023, Mr and Mrs S referred a complaint to our Service. Our Investigator explained that we could only consider some elements of the complaint. This was because the earlier complaints had been referred to our Service outside of the 6 months in which Mr and Mrs S had to refer them.

Our Investigator considered the complaint that had been referred in time and didn't recommend that it be upheld. As Mr and Mrs S didn't accept the Investigator's assessment, the complaint has been referred to me for a final 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.

Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. This isn't meant as a discourtesy to either party – it simply reflects the informal nature of our Service.

The scope of my decision

As explained by our Investigator, much of what Mr and Mrs S have complained about was referred to our Service outside of the time limits that must apply. My decision can only consider those matters covered by the final response letter dated 4 October 2022. In summary, that response addressed the full and final cash settlement offered (£23,495.57) and compensation for some of the issues experienced by Mr and Mrs S whilst the claim was ongoing.

Have AXA fairly considered and responded to this claim, in line with the policy terms?

The main elements of the dispute that our Service *can* consider revolve around the value of the cash settlement offered by AXA.

In their final response letter from October 2022, AXA offered £23,495.57. Mr and Mrs S felt this fell far short of their expectations and their own quotes - of around £48,000 and additional flooring costs of around £12,000, for the remaining works. As the issue of the flooring falls under an earlier final response letter that our Service can't consider due to the time limits that apply - I won't comment on it further.

Under the terms of this policy, AXA can offer cash settlement. I've then considered AXA's reasons for choosing this option. AXA said:

"Given that the relationship between Mr S [full surname redacted by Ombudsman] and [AXA's agent redacted by Ombudsman] has deteriorated so badly and due to the abuse, we and our Suppliers are receiving over this matter, we feel the only way to resolve this is the offer of cash settlement."

Whilst it is often preferable for an insurer to arrange the repairs or remedial works that need to take place, given the combination of how long this claim had been going on for, Mr and Mrs S' unhappiness at the standard of work carried out by AXA's appointed contractors alongside the general breakdown in the business relationship between Mr and Mrs S and AXA - I find it was reasonable of AXA to offer a cash settlement.

I've carefully considered the quotes that Mr and Mrs S provided. In my opinion, they aren't directly comparable with the remaining scope of works provided by AXA. I won't draw out line by line comparisons, but as our Investigator has pointed out, there are relatively large costs without it being clear what they actually relate to. Having considered the evidence, on balance I'm satisfied that AXA have acted reasonably when offering the cash settlement and no sufficiently persuasive evidence has been provided that would lead me to conclude, on balance, that the amount offered is unfair.

Other points raised by Mr and Mrs S

As explained, I can't consider much of what Mr and Mrs S want our Service to make findings on.

I note that Mr S has said a disturbance allowance should have been paid until all the works had been completed - as the kitchen was not usable, as well as the ground floor. This was not part of the complaint referred to our Service, but AXA consented to it being considered as part of this complaint.

AXA have said:

"We identified that during the programme of repairs the ground floor would be inaccessible whilst the flooring was being laid, and again when it was sealed / polished. We discussed the options available to Mr & Mrs S [name redacted by Ombudsman] and it was agreed that they would try and remain in the property and accept £40 Disturbance Allowance payments whilst they could not access the kitchen."

My decision will only be considering the disturbance allowance and not any issue with whether or not alternative accommodation was offered.

AXA have already paid Mr and Mrs S over £1,100 for disturbance allowance. I find that fair and reasonable. As our Investigator has explained, the disturbance allowance paid per day was far in excess of the industry standard.

It's clear that the repair works didn't go as smoothly as either party would have liked. An email sent on behalf of Mr S dated 22 February 2022 refers to various snagging issues in the property. For example, specifically in relation to the kitchen:

*"Gaps from skirting to floor to be rectify
Caulk cut out and re done above skirtings and round door frames
Patchy walls to be re painted
Door to be oiled
Door frame to be rub down and re painted
Surface medic to repair kitchen panel..."*

Whilst it's to be expected that a certain level of inconvenience will have been experienced by Mr and Mrs S, I'm not persuaded based on the evidence provided that the kitchen or downstairs were unusable to the extent that the disturbance allowance should be paid either for a longer period of time or the whole duration of the repair works.

I find that overall, the compensation AXA have previously offered Mr and Mrs S (£1975) to be fair, reasonable and appropriate. Some of this compensation is related to complaints that my decision won't be addressing, but I've taken a holistic view of what has happened (as this amount has been referenced in the final response letter for this complaint) when considering if AXA need to do anything further.

My decision will disappoint Mr and Mrs S, but it brings to an end our Service's involvement in trying to informally resolve this dispute between Mr and Mrs S and AXA. I note Mr S has made various references to pursuing legal action against AXA.

Whilst I can't offer Mr S legal advice, he should consider whether he wishes to accept or reject my final decision before deciding his next steps. More information can be found here <https://www.financial-ombudsman.org.uk/who-we-are/make-decisions> In particular, the text I've highlighted in bold below:

*"...You will then be asked to confirm by a specified date whether you accept or reject it. If you accept the ombudsman's final decision in the specified timeframe, the business has to do what the ombudsman has told them to do – it will be binding on the business. This might, for example, include making the business pay you compensation. And, **if you accept the final decision, it is unlikely you will be able to pursue the business in court for the same complaint...***

If you don't want to accept the ombudsman's decision, you don't have to. But it does mean our involvement has come to an end and the business doesn't need to do anything. You may still be able to take legal action against the business, but we won't be involved in this. And, if we don't hear from you within the specified timeframe, then in most cases you will be treated as having rejected the decision and it will not be binding on the business."

My final decision

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

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

accept or reject my decision before 16 January 2024.

Daniel O'Shea
Ombudsman