

The complaint

Mrs M (represented by Mr M) complains that Liverpool Victoria Insurance Company Limited ('LV') provided poor service when she made a claim on her motor insurance policy.

What happened

Mrs M was involved in an accident in December 2019 for which liability was disputed. In September 2020 LV decided that Mrs M shouldn't be held liable, after taking advice from its solicitors. It ensured the records showed she wasn't at fault and offered her an apology, plus £100 compensation for delay and poor service.

Meanwhile, Mrs M's policy was due to renew in August 2020, but LV wasn't able to offer her cover, given the open 'fault' claim at that point. Mr M said Mrs M's new policy elsewhere cost her over £1,500 – around twice the premium previously charged by LV. Mr M said LV should reimburse her for the extra premium she'd paid. He thought she could have avoided paying it had LV not delayed the claim unnecessarily for several months.

One of our investigators reviewed Mrs M's complaint. She thought LV should pay Mrs M a further £100 compensation for the distress and inconvenience she'd faced. She noted that avoidable delays had meant a prolonged wait for Mrs M in getting a liability decision, and that during this period LV's contact with Mrs M and Mr M was poor. But she thought the process LV had used to make the decision was appropriate. She didn't think LV should have to pay Mrs M the difference in premium. The investigator pointed out that the new insurer would have based its premium on numerous factors as well as the fault claim. As Mrs M didn't accept the investigator's view, the complaint was passed to me. I issued a provisional decision as follows:

LV initially thought the claim should be settled with liability split 50:50, given that both versions of events were plausible and there was no independent evidence. As Mrs M wasn't happy, it used an arbitration process in June 2020. The arbitrator also thought liability should be split. Mrs M still didn't agree, so LV then instructed its solicitors to consider the issue in September 2020. I think the process was a fair one, and in the end, it worked in Mrs M's favour. But I also think it's reasonable for Mr M to say that if LV had acted more quickly, he and Mrs M wouldn't have had to look for insurance elsewhere.

LV has confirmed that Mrs M's new premium would have been £962.85 had she been able to renew her policy with it. Mr M doesn't think that sum is correct, as Mrs M had previously only paid around £700 for her policy. But LV has provided us with underwriting evidence to show how the calculation was done. As the details provided are commercially sensitive, they can't be shared with Mrs M, but the figure LV quoted appears to be correct.

LV says the delay of four months from January 2020 to May 2020 was caused by human error. I would have expected LV to prioritise the claim after such a long delay. But after the arbitration in June 2020, it took until September 2020 for LV to instruct its solicitors. Without the two undue delays, I think LV would have made its decision on liability well before August

2020. Its solicitors took only a week to issue their advice after LV asked for it. I think Mrs M is then likely to have stayed with LV, and she would have avoided the stress of having to find suitable insurance elsewhere and the extra cost involved.

As Mrs M was left with no option but to find another policy, Mr M searched the market for the best suitable quote. He says he wasn't able to find a similar policy for Mrs M (with two fault claims on her record) for less than £1,500. When LV amended the claim to non-fault, as far as I can see the new insurer returned £365.73 to Mrs M in November 2020, but she was still £175.29 out of pocket.

I think it's far more likely than not that Mr M did his utmost to find the best value policy for Mrs M that was suitable for her needs. At that point he had no way of knowing whether he'd be refunded for any of that new premium, so I don't think he would have paid any more for suitable cover than was necessary.

In my opinion, but for LV's avoidable delays, Mrs M wouldn't have ended up paying as much as she did for cover. So I'm minded to conclude that it would be fair and reasonable for LV to pay the difference between the new premium Mrs M paid (minus the later refund from her new insurer) and the sum LV would have charged her to renew the policy in August 2020, plus interest, in addition to £200 compensation in total for distress and inconvenience.

I asked the parties to comment on my provisional findings. Mr M said LV had lied to us about the quote it would have offered Mrs M in August 2020. He pointed out that he got a quote in October 2020 on LV's website for £711.48. He had sent us a copy of a quote from LV for £607.55 and didn't think I'd taken that evidence into account. Mr M thought he should be able to see LV's underwriting evidence. In his opinion, we're hiding behind it. He also said the extra £100 compensation I'd proposed wasn't enough, given the total time that was wasted by LV and the fact that as Mrs M isn't online, it was more difficult to correspond with LV. He also said the rate of interest I'd quoted was too low.

We told LV that I was minded to increase the compensation for Mrs M by a further £100. We also asked LV about the quotes Mr M had provided. It said it wasn't able to view them in its system, but that Mr M may have got an online discount at the time. It also said the renewal would have been on the broker side of its business, whereas the quotes Mr M found were on the business's direct sales side. It said the products were different, so different rates applied. It reiterated that its underwriters' calculation for what its quote would have been in August 2020 was £962.85. Later on, it confirmed that the £962.85 would have been the sum charged with only one fault claim (and one non-fault claim) on the policy. It also noted that Mrs M had bought a policy directly, through LV's website, in August 2021 for £591.54.

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've considered Mr M's comments about the compensation I proposed and I've thought again about the avoidable delays by LV and the inconvenience it caused. I think it would be reasonable for LV to pay Mrs M £300 in total for distress and inconvenience.

I can assure Mr M that I considered the evidence he provided about the quotes he obtained, along with all the other available evidence, including that from LV. Mr M doesn't think the information it provided is true. But the tables it has sent us are from its underwriting team and show that the renewal sum LV quoted is correct. I'm sorry that I can't copy the details to Mr M, but we have a well-established agreement with insurers not to pass on commercially sensitive details to consumers - or to any other party. I can only reiterate that I've seen LV's

underwriting evidence, and I have no reason to doubt its accuracy.

LV has explained that there will be differences between quotes given through its broker arm and those obtained directly by consumers - which may have some discounts applied. And insurers' rates change on a daily basis, for numerous reasons. I understand that Mr M may still find it hard to accept that the premium rose so much at renewal, but I think LV's explanation goes some way towards explaining why the quotes he obtained directly from it were lower.

Although Mr M won't be happy with my decision, I think it would be fair and reasonable for LV to settle this complaint by paying Mrs M £300 compensation, plus the difference between what it would have charged her at renewal and the price she had to pay for cover elsewhere, with interest. I can't increase the rate of interest, as it's the set amount this service applies.

My final decision

My final decision is that I uphold this complaint. I require Liverpool Victoria Insurance Company Limited to do the following:

- Pay Mrs M £300 compensation in total for distress and inconvenience
- Pay Mrs M £175.29 - the difference between the premium she would have paid LV at renewal without the new fault claim on her record (£962.85) and the sum she had to pay her new insurer (£1,503.87) *minus* the refund from the new insurer (£365.73)
- Pay Mrs M interest (to the date of settlement) at the simple yearly rate of 8% - on the extra £541.02 Mrs M paid for cover from 7 August 2020 to 11 November 2020 (when she received the refund of £365.73)
- Pay Mrs M interest (to the date of settlement) at the simple yearly rate of 8% - on the remaining extra £175.29 Mrs M paid from 11 November 2020 to 7 August 2021

If LV thinks it's required by HM Revenue and Customs to withhold tax from the interest, it should tell Mrs M how much it has taken off and provide a tax deduction certificate so she can reclaim the tax if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 15 June 2022.

Susan Ewins
Ombudsman