

The complaint

Mr N complains that Liberty Mutual Insurance Europe SE (“Liberty Mutual”) have mishandled his landlord’s insurance claim.

Liberty Mutual use intermediaries to administer their insurance policy and manage claims on their behalf, so any reference to the insurer within this decision should be read as including the acts or omissions of such intermediaries.

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my 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.

Having done so, I have decided to uphold it in part for the reasons given below:

- Mr N does not consider that Liberty Mutual has settled his claim correctly as they have failed to cover his loss of rent in addition to the malicious damage caused by his tenants. I appreciate that the policy schedule states that Mr N has £5,000 worth of cover for landlords’ white goods under the buildings section of cover, and £10,000 overall for contents claims. But claims under these sections are still subject to the policy terms and conditions.
- In terms of malicious damage, the policy terms and conditions set out the maximum that will be paid for any such claim: *“We will not pay...for loss or damage in excess of £5,000 which your lodgers or tenant have caused, allowed, chosen to overlook or not reported to the police. If you claim for such loss under Sections One and Two, we will not pay more than £5,000 in total”*.
- Loss of rent is covered under the policy. But it’s clear from the terms and conditions that any malicious damage claims will be subject to an overall limit of £5,000 across both section one (buildings) and section two (contents) of the policy, whereby loss of rent falls within section one. So, given the primary reason for Mr N’s loss of rent was the malicious damage caused by the tenants (which meant it couldn’t be re-let until it had been refurbished), I don’t consider the insurer to have acted unfairly declining to pay an additional amount for loss of rent because the malicious damage limit of £5,000 had already been exceeded.
- Mr N says he was informed by CIA Insurance Services (his broker) that his loss of rent would be covered given that his malicious damage claim had been accepted. However, the respondent to this complaint in this instance is the insurer Liberty Mutual, with regards to their handling of the claim – not CIA Insurance Services. If Mr N is unhappy with any misinformation given by his broker, he would need to complain directly to them, as CIA Insurance Services do not manage claims on behalf of Liberty Mutual. So, I cannot consider or comment on any acts or omissions of the broker within this decision.

- However, while I don't consider that Liberty Mutual ought to have covered the loss of rent claim, I do think that their overall handling of the claim has been poor. I can see, for example, that Mr N has had to chase the insurer numerous times to get an update on the progress of his claim, to which he often failed to receive a response or any acknowledgment at all. I also consider that the claim could have been settled much sooner than it was as well. I understand that the insurer had to request further information, but it didn't require several months in order to finalise the settlement.
- Mr N has also said that Liberty Mutual has discriminated against him on the grounds of his race. I appreciate that Mr N feels he hasn't been treated fairly by the insurer and their agents, and I can understand why. But I haven't seen any persuasive evidence to suggest that this was an act of discrimination on the grounds of Mr N's race.
- However, I appreciate that Liberty Mutual's handling of Mr N's claim has caused him distress and inconvenience due to the delays he experienced, as well as the poor communication. The investigator recommended an award of £250 in recognition of the poor service he received, which I also consider to be fair compensation in the circumstances.

My final decision

For the reasons given above, I uphold this complaint and direct Liberty Mutual Insurance Europe SE to pay £250 to Mr N in recognition of the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 19 April 2022.

Jack Ferris
Ombudsman