

The complaint

Miss H complains that Liverpool Victoria Insurance Company Limited ("LV") wrongly persuaded her to deal directly with a third-party insurer to resolve damage caused when a tractor hit and damaged her home. She wants LV to help manage ongoing repairs and to pay her compensation for her losses.

What happened

Miss H held home insurance with LV. Her policy included cover for impact damage.

In August 2020, an industrial vehicle with a trailer drove into her home, causing damage and instability to her property.

The vehicle driver admitted liability and provided his insurance details. He was insured with N.

Miss H contacted LV to report the incident. She spoke with an agent and explained what had happened. They discussed whether she should make a claim with LV or if she ought to deal directly with N. Miss H expressed concern about having a claim registered against her.

As a consequence of her call, Miss H did deal directly with N. Miss H had to arrange quotes and she obtained a quote from contractors who had previously done work for her at her home and who she had been happy with. N engaged that contractor and work began at Miss H's home.

The relationship between Miss H and the contractor broke down and the contractor left the site, leaving work unfinished. When scaffolding was removed it emerged that there were problems with the work which had been done. A leak also developed under a floor which the contractor had placed, causing other damage.

N has ceased dealing with the repairs and has paid to Miss H the remainder of the contractor's quote which had not yet been paid. Miss H subsequently sought help from LV as she finds herself in a home with considerable damage outstanding and no support. LV has carried out some limited investigations but declined liability for the repairs and the leak.

Miss H complained to LV. She felt that LV had persuaded her to deal directly with N, and she thinks this resulted in the bad work, without her having any recourse to get this fixed.

LV responded to her complaint in October 2021 rejecting her complaint. It stated that she had elected to deal directly with N to preserve her claims history, and that she was responsible for the choice of contractor. LV offered her £5000 as a goodwill gesture to carry out investigations into the escape of water but explained that this would be marked on her file as a settled claim.

Miss H was not happy with this and contacted us.

Our investigator did not uphold her complaint. Listening to her calls with LV our investigator

considered that Miss H had elected to deal directly with N.

Miss H did not accept that view and asked for an ombudsman complaint.

I set out my preliminary views on this complaint in a provisional decision issued in March 2022. In that decision I explained that I disagreed with the conclusions of the investigator and that I considered that LV had advised Miss H to deal directly with N, without adequate explanation, and that this advice was wholly wrong.

I considered that all that had subsequently happened to Miss H's home was a consequence of this advice.

I explained that in order to put things right, I thought that LV should take over and manage the repairs needed at Miss H's home, and that it should pay her compensation.

That provisional decision has been shared with the parties and they have been invited to comment, and to provide any additional evidence.

LV has responded stating that it has no comments to make about the provisional decision.

Miss H has responded asking for some further clarifications, but not disagreeing with the substance of the provisional 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.

As no arguments have been received against the main thrust of the provisional decision, I adopt my decision and reasoning from my provisional decision as my final decision. This means I uphold the complaint and that LV must now put matters right.

The additional comments received from Miss H discuss actions taken by N, the impact upon her, and what happens next. I have addressed her comments below, and I have set out in clearer detail the next steps for LV to take.

This does not materially differ from the direction in my provisional decision and so these decisions should be read together.

Miss H has provided more information about the actions of staff at N, and about the workmanship of the building contractor. She has commented that my decision only deals with LV's role and not with these other parties. That is quite right. In this situation Miss H only had a consumer relationship with LV, as she had an insurance contract with LV. She did not have a consumer relationship with N, as N insured the tractor driver and was essentially Miss H's opposition in any disputes which arose. This is why it was inappropriate for LV to advise her to deal directly with N, when their interests were ultimately in conflict with one another.

Similarly, Miss H did not have a contractual relationship with the builders, despite recommending them. The contractual relationship was between N and the builders, so the builders were working for N, rather than for Miss H.

Both of these relationships (the relationship between Miss H and N and the relationship between Miss H and the builders) are outside of the remit of this service and, if Miss H wanted to pursue either of these parties, she would need to take independent legal advice.

It is partly because of this that I think that LV was wrong to advise Miss H to deal directly with N, and why I think that LV now must take on full responsibility for carrying out the required repairs, including any repairs which were caused by the builders engaged by N.

Miss H has detailed some additional damage that was caused, including to the garden wall, the garden itself, and damage caused to her home because there was no properly fitting door for a long time. I appreciate this information and have included this in the direction below.

Miss H has explained that she incurred out of pocket expenses, including planning costs and a door, and that she has not been reimbursed for these. She has explained she has an uncashed cheque from N which she is unclear about. I have addressed these in the direction below.

Miss H has described the health issues and losses which she has suffered since, and flowing from, the incident. These are extensive and she has clearly been caused substantial distress over the period. I have considered these, and the extent that LV is responsible for them, in my award of compensation below. Miss H appears to want to take a claim further against the builders and / or N and wants LV to assist with this. I have set out below a direction for LV to discuss this with Miss H, but it is important to make clear to Miss H that LV may advise her that she needs to take any claim further by herself. This is because LV insured her home for impact damage, but it does not appear that she was insured for legal expenses, or for loss of income. If LV had acted properly and taken on her claim at the outset it may have been that it still declined to deal with her lost income and any other claims for loss. LV should now speak with Miss H about her losses, assess these as part of her claim, and then clearly explain to her whether it can help her recover her losses from N / the builders.

Miss H has also mentioned a concern about her premiums going forward, and how many claims will be registered against her. I have addressed this below, but for clarity LV must now discuss with Miss H what it intends to record against her, how it has assessed this, and what impact this will have / has had on her premiums following the impact.

Finally, it is important to make clear to Miss H that whilst this decision is the end of the process for her current complaint, she will still have to continue a relationship with LV while the repairs are carried out (and for any further period while she is insured with LV). If any further issues arise which she is unhappy with she is free to make any further complaints to LV as matters proceed. These can then be referred to us if they are not solved.

Putting things right

As set out in my provisional decision, I think that LV must take steps to put matters right. These are:

- 1) LV must take over and complete all repairs to Miss H's home which were directly or indirectly caused by the impact. To be clear, this also includes repairs which are required because of poor workmanship by the builders, repairs to any damage caused by the builders, and any repairs which have become necessary because of delays in the process.
- 2) Ensure that Miss H is provided with evidence of the work carried out and guarantees of the workmanship and materials.
- 3) If Miss H wants to make any changes to the repairs, such as design changes or upgrades, LV should work with her to incorporate her changes. Miss H may be

required to pay any difference between the cost of upgrades and the cost of returning the property to its pre-impact condition.

- 4) Miss H should pay to LV any funds she has received from N in relation to the damage. LV should discuss with Miss H what to do with the uncashed cheque she has received. As previously set out, if Miss H cannot transfer all received funds immediately then a repayment plan should be agreed, and this should not delay repairs.
- 5) LV should reimburse Miss H for all expenses she has incurred in relation to the claim and delayed / incomplete repairs. This should include (but is not limited to) her increased power costs, planning expenses, and any materials she has purchased.
- 6) In relation to claims – LV is entitled to record a claim for impact against Miss H. It may only attach details of costs which were directly from the impact, and which it has been unable to recover from N after an attempt.
- 7) LV must discuss with Miss H what difference the impact has made to her premiums since the incident, and how it will affect these going forward. If there has been an increase in premiums since the incident, which Miss H considers unfair, she is entitled to complain about this.
- 8) In relation to the leak, and any consequent damage – if LV's surveyor can demonstrate that the leak is unrelated to the impact and the repair work, then this can be recorded against Miss H. If recorded, LV must only record costs directly caused by the leak up until Miss H reported this to LV. The costs should not be increased due to delay in addressing the leak.
- 9) LV should pay to Miss H £2000 compensation for her distress and inconvenience.
- 10) LV should also discuss with Miss H whether she can pursue N or the builders for any additional damages under the terms of her insurance with LV.

My final decision

For the reasons given above, and in my provisional decision, I uphold Miss H's complaint and direct Liverpool Victoria Insurance Company Limited to:

- Take over management of the repairs to Miss H's home, in collaboration with Miss H;
- Liaise with Miss H to establish her financial losses, and make an offer to settle those losses which would be covered under the policy, or which flow from its wrong advice to deal directly with N; and
- To pay to Miss H £2000 compensation for her distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 11 May 2022.

Laura Garvin-Smith
Ombudsman