

The complaint

Mr B complains about Liverpool Victoria Insurance Company Limited's (LV) handling of his claim following an escape of water, under his buildings insurance policy.

Any reference to LV includes its contractors and agents.

What happened

There was an escape of water from an underfloor pipe, which caused damage to Mr B's property in October 2020. He claimed to LV. It appointed a loss adjustor to investigate the claim, which was accepted. A contractor was then appointed to carry out the repairs. Mr B and his family required alternative accommodation during the repairs, and this was covered under the policy.

Mr B says the accommodation he arranged had to be cancelled a week before work started. He says it became apparent at a late stage that the repairs wouldn't be completed in the time stated due to poor planning and mismanagement. This meant finding another property with a longer lease at short notice. He says this accommodation was substandard, not of an equivalent size to his property and was situated 13 miles away. This had an impact on vulnerable members of his family.

Mr B says due to negligence on LV's contractor's part, significant effort was required from him to project manage the repairs. Had he not taken on this role he says the delays that occurred would've been longer. He says the original estimate was for completion within six weeks and four days. But it took 14 weeks with an additional time to resolve snagging issues of eight weeks.

Mr B says the alternative accommodation cost £750 per week but rental for an equivalent to his property would be in excess of £2,000. He thinks LV should pay the difference for the eight-week delay caused by its contractor. This amounts to £10,000. In addition to £1,500 compensation for his time, and the distress and inconvenience caused.

LV says it proved difficult to find suitable accommodation, so Mr B proceeded to find his own. It says additional work was identified, which meant the original timeframe for completion of works wouldn't be met. Mr B's alternative accommodation was on a three-month lease, which wasn't long enough so he arranged another property with a four-month lease. LV says the repair work was completed within this timeframe.

LV says alternative accommodation is dependent on what is available at the time. It refers to the impact of the pandemic and says the accommodation Mr B found was some distance away due to the limited availability of suitable rental properties. It doesn't think it's responsible for the lack of availability on the rental market, or for the suitability of the property Mr B found. It didn't agree to paying Mr B £10,000 as per his request.

LV points to drying works that were identified once the property had been stripped out causing a delay. There was limited availability of specialists able to deal with Mr B's AGA, which also caused a delay. It says it was also identified that a full new kitchen was required,

which again caused a delay. It says these issues were only apparent once work had begun and that snagging issues are unavoidable and were resolved.

LV says communication could've been better from its contractor and with its claim handler. It apologised and offered £250 compensation to Mr B for this. Following discussion with Mr B LV increased this offer to £750. Mr B didn't think this was fair and referred his complaint to our service. Our investigator upheld his complaint. He didn't think LV's offer of compensation fully acknowledged the impact on Mr B and his family. Particularly that his wife was the main carer for his mother in law who was in ill health.

Our investigator didn't think LV did enough to help find suitable accommodation. He acknowledged it was stressful for Mr B to find accommodation particularly at short notice when it became known the first lease wasn't long enough. He acknowledged additional travel costs due to the location of the alternative accommodation, and that communication could've been better which may have contributed to some delays. He thought a payment for £1,250 in total was fair plus consideration of a disruption allowance.

Mr B disagreed. He says LV should pay £10,000 for the unsuitable alternative accommodation, £1,250 as suggested by our investigator and £2,080 as a disturbance allowance. Our investigator didn't change his view, so Mr B asked for an ombudsman to consider his complaint.

LV responded to say it didn't think it should pay more than £750 in compensation. Because an agreement couldn't be reached the complaint has been passed to me to consider.

I issued a provisional decision in May 2022 explaining why I thought Mr B's complaint should be upheld. Here's what I said:

provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm upholding Mr B's complaint, but I'm not awarding compensation at the level he has suggested. I understand this will be a disappointment, but I will explain why I think my decision is fair.

Alternative Accommodation

I have read the policy terms to understand what is expected to happen with respect to alternative accommodation in these circumstances. The policy terms say:

"If your home becomes uninhabitable following loss or damage covered under Buildings, we'll pay up to £50,000 during the period of insurance for:

- the extra cost of similar alternative accommodation for you, your family and your domestic pets; or*
- loss of any unrecoverable rent;*
- the reasonable storage costs for the duration of the repairs."*

The repair works were planned to commence in March 2021. LV instructed its agent to arrange alternative accommodation. The requirements were for a 2/3-bedroom house in the locality of Mr B's home. I can see from the emails supplied that a number of options were identified in early December 2020. The notes indicate there were a limited number of available properties and the search radius had been extended to some distance away in light

of this.

Mr B says the properties suggested were unsuitable and, in some cases, up to 30 miles distant. As a result, he decided to find his own accommodation, which suited him and his family better. I understand he arranged with the landlord directly to rent this property. This was for the period from March 2021 to the beginning of June.

The alternative accommodation was cancelled near to the end of February 2021. Mr B says this is because it became clear the work wouldn't be completed by mid-April 2021 as LV's contractor had advised. The property wasn't available beyond June, which meant he had to find an alternative with only nine day's notice. Mr B says this accommodation wasn't similar to his home as required by the policy. It was a two bedroom much smaller house. He says his house has four bedrooms and seven additional reception rooms including a kitchen and three bathrooms. He also says the accommodation was 13 miles from his home.

I have thought about the issues Mr B describes with the alternative accommodation, and the impact this had on him and his family.

It must have been a difficult time for Mr B and his family given the extensive damage caused to his home and the repairs that were needed. I'm sorry to hear that he was frustrated with the handling of the matter by LV.

From the records provided there were a limited number of properties of a suitable size and distance away from Mr B's home that could be rented for the period of the repairs. These issues were experienced by both LV's agent and Mr B when trying to find suitable accommodation. I think it was reasonable that LV agreed to the alternative accommodation Mr B had found. But I also think the records show LV's agent made reasonable efforts to identify accommodation in the local area.

Mr B says it was poor planning on LV's contractor's part that meant the original completion date couldn't be met. This only became apparent near to the works start date and meant he had to search for another property at short notice. He highlights issues with his kitchen AGA that demonstrate why the original date wouldn't be met.

I've read through the records provided and note Mr B raised concerns with the time required to remove and refit his kitchen AGA. This included consideration of the availability of specialist contractors. He says a level floor is needed to complete this work. It wasn't known how much drying time was needed before work could start, and it wasn't known when the floor could be reinstated until the tiles were pulled up.

Mr B didn't want to be left, "in limbo" given the difficulty already experienced when finding suitable accommodation. He didn't want to have to move to another property if works weren't completed in time. So, he found an alternative property with a longer lease until mid-June 2020, which solved these issues. He confirms this was agreed with LV.

I can understand Mr B's concerns in finding another suitable property if works weren't completed in time. Particularly as he didn't want to have to move again if it could be avoided. As it happened the repairs were completed (bar snagging issues) prior to mid-June 2021, although after the original alternative accommodation lease will have ended. So, Mr B was right to want an alternative to avoid having to move to different accommodation.

Mr B says he highlighted the need for specialist AGA contractors at an early juncture. I acknowledge his view that this could've been factored into LV's contractors planning more effectively.

I also acknowledge LV's view that a project of this size will almost certainly involve unforeseen works and issues. It highlights examples of the drying work taking two weeks and that more damage was found with the kitchen units than was initially thought.

I have considered the comments LV obtained from its loss adjustor relating to this point, following Mr B's complaint. The loss adjustor said:

"Following site meetings and identifying additional areas of work and the likelihood of potential drying, it was agreed three months would unlikely be satisfactory and the property initially arranged by Mr [B] could not be extended. As such, Mr [B] sought a different property for a four month period, incurring additional costs of £4,320.00. As we were mindful of his personal circumstances, we did not want to risk overrunning the initial three months accommodation and agreed the initial property would be cancelled and the further payment made for the four month property instead. This turned out to be the correct decision and work was completed within the four month period, with no additional costs incurred as a result."

On balance I think LV's view is reasonable that some unforeseen issues will likely occur during repair works such as this. I understand Mr B experienced hassle and stress when looking for alternative accommodation. But it was his decision to do this. I don't dispute that finding a property was difficult and there were limited options available within a reasonable distance from Mr B's home. But he chose to find this himself as opposed to using LV's agent's services. I have seen the list of properties and contact notes showing the work done by the agent. Having considered this I don't think Mr B has shown that a property couldn't have been sourced through LV rather than him taking on this responsibility.

I have also thought about Mr B's comments that his property is much larger than the alternative accommodation he was able to find.

The policy terms say LV will pay for, "similar alternative accommodation". The terms don't provide further clarification, but I think this should mean accommodation similar to the insured property. Mr B says his property has four bedrooms, three bathrooms and is much larger than the property he found to stay in.

I have looked at the properties LV's agent identified in December 2020. From the records provided these were three-bedroom houses between seven and 19 miles away. Although these were not the same size as Mr B's home – it did match the criteria he had set out for what he considered acceptable.

Both Mr B and LV say the available properties in the rental market for this area were limited. Mr B chose to find accommodation himself and although I understand he felt this would be better for him and his family, I don't think it's fair to say LV behaved unreasonably when researching the rental market and proposing properties, or when agreeing to pay for the accommodation Mr B found.

That said the alternative accommodation Mr B found was 13 miles from his home. I understand this resulted in additional inconvenience as Mr B's wife needed to provide care to her elderly mother. He says his mother-in-law was unable to stay in the alternative accommodation because it was unsuitable due to her health conditions. He also says the landlord at the alternative accommodation had to demolish and rebuild adjoining garages six weeks before repairs were complete at his home. He says this made living there "extremely challenging".

We expect an insurer to behave reasonably and to work with its customer to find a

reasonable solution in circumstances such as these. In this case LV agreed to the property Mr B had found when he didn't think those it had proposed were suitable. When it was decided the works would take longer than anticipated, potentially over-running the lease period, Mr B again found his own alternative accommodation, which LV agreed to. I can't see that it was asked to find a suitable alternative only that it agreed to Mr B's request to change the accommodation. So, although I'm sorry Mr B and his family we're unhappy, I don't think LV can reasonably be responsible for the suitability of this property as it wasn't involved in finding it – only to agreeing to Mr B's request.

Contractor Delays

Mr B says he spent a great deal of time, as a result of "negligence" on the part of LV's contractor, project managing the repairs to his house. He says had he not done this the work would've taken longer than the 14 weeks it did.

I have read the extensive correspondence exchanged between Mr B, LV, its contractor, and loss adjustor. I note Mr B was actively involved in the arrangement of the works and regularly in contact with all parties.

Mr B says LV's contractor didn't manage its sub-contractors effectively, communicated poorly, and failed to provide adequate resources to ensure the advised timelines were met. He says this meant the timelines it advised were largely inaccurate. I have considered the evidence to understand what happened.

Mr B says the handling of the AGA work caused unnecessary delays. I have seen an email he sent around December 2020 highlighting the need for an AGA specialist. In January 2021 LV's contractor mentioned having an AGA company booked in for the beginning of March, when work was due to begin. Mr B asked for the name of the specialist and if they would attend prior to March. He says the specialist visited his home, unannounced by LV's contractor, in February. He emailed the loss adjustor after this visit to say the specialist would need to install a new flue in line with health and safety requirements. Mr B was concerned that quotes had yet to be provided for this work, and that LV's contractor wasn't yet aware of the extra work this entailed. Mr B says the specialist couldn't start work for weeks after its quote was accepted. He thought this was likely to delay the project.

Mr B emailed the loss adjustor the same day to say he had spoken with the AGA specialist again. Concerns were raised that this work would be delayed by the need to dry and reinstate a level floor in the kitchen. Mr B suggested work wouldn't be completed before his alternative accommodation lease ended.

I can see that Mr B emailed the loss adjustor again the same day to say alternative accommodation was limited and he had found just one alternative property. He says its unlikely work will begin at the start of March 2021, as advised, because of the AGA issue. Mr B says he understands contact was made with this specialist in December 2020, but further discussion didn't take place. Mr B says work on the AGA flue was subcontracted to another supplier, with further delays due to its availability.

In response, LV says the availability of AGA specialists was in short supply due to a combination of the property's location and Covid related issues. It also maintains that a project of this size will inevitably involve some delays and complications.

Having considered this point, I don't think it was reasonably known what the AGA work entailed prior to the specialist attending in February 2021. Mr B did highlight the need for the specialist in December 2020. But I don't think it's been shown that LV should've anticipated significant issues with this aspect of the repairs, or that it has been shown it was possible to

involve the specialist an earlier stage than it did, given the availability issues at that time.

Mr B mentions issues with the specialist being paid, and an invoice that was directed to him. He says there were issues with the order of work being carried out and that LV's contractor hadn't planned this correctly. I understand a different contractor was eventually appointed to complete the flue work, as the original company couldn't commit to an earlier start date.

Mr B says that when visiting his property during the works, he found that trades expected to be on site, weren't always there. I can see from his emails that he raised this with the business in April 2021, regarding several instances involving different trades.

Towards the end of April 2021 Mr B escalated his concerns and asked for a work plan and for there to be no more "slippages" in the timeframe. He says he expected the time lost to be regained. He says his mother in law needs an operation and to recover in his home. The operation couldn't be planned in until the work is completed. He also says his father in law's death had affected his wife's mental health and this added extra strain on his family, and there was a need to complete the works quickly.

The repair works were completed by mid-June 2021. Allowing Mr B and his wife to return home. I understand there was a further eight-week period where a snagging list of issues were worked on. All items were completed in August.

LV originally advised a completion date for mid-April 2021. Mr B has supplied an email he recently obtained from LV's loss adjustor to support his complaint. In his email he says a two-week delay resulted from additional drying time, and a further delay from discovering that all kitchen base units were damaged. He says this increased the completion time beyond that originally expected. The loss adjustor says he understands it's been accepted by all parties that there were unacceptable communication delays from the contractor, and that the project may have completed sooner had these not occurred.

Having considered all of this information in detail, I think it's appropriate that LV provides Mr B with compensation. I don't think £750 adequately acknowledges the issues described or the impact they caused. I agree with the loss adjustors view that had communication been of a better standard it's possible the works could've completed sooner. I think LV's comments are fair that it's reasonable to expect some issues to occur during a project of this size, and this can impact on timeframes – such as the additional drying time. But I acknowledge Mr B's view that the kitchen units shouldn't have delayed matters as the strip out was completed within a day and the kitchen units were available, from the time of ordering, within three days.

According to the original timeframe the repairs were intended to be completed in around six and a half weeks. Adding the additional drying time should have meant completion in just over eight weeks. As it was, it took another eight weeks for the works to complete with a further period to resolve the snagging items.

Mr B played an active part in the process during the repairs. I acknowledge his comments that this was necessary to avoid further delays. But it was his decision to involve himself in the project to the degree that he did. LV appointed a loss adjustor and had staff in place to manage the claim, which is what it was reasonably required to do.

I'm sorry to hear of the bereavement he and his wife suffered during the repair works. I'm also mindful of the care Mrs B needed to provide to her mother, and the issues caused due to the time they were living away from their home.

Given the distance of the alternative accommodation from his home, I think it's reasonable to

expect LV to pay for any additional travel costs this caused. I note the business says it will consider any such reasonable costs, which I think is fair. Mr B should contact LV to demonstrate these costs for it to consider.

In summary I don't think LV treated Mr B fairly when handling his claim, because of the delay in completing works and the communication issues identified. Because of this I think it should pay him £1,000 compensation, in total, to acknowledge the inconvenience and distress caused to him and his family.

I said I was intending to uphold Mr B's complaint and Liverpool Victoria Insurance Company Limited should:

- pay Mr B £1,000 compensation for the distress and inconvenience caused by the delays.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Mr B sent detailed further comments annotated to each section of my provisional decision. I will briefly summarise his comments here, but for clarity I have read all of the information he provided in detail.

Mr B comments on LV's version of events regarding the alternative accommodation. He says the repair works were intended to complete much sooner than four months. The initial rental period was set at four months, but this was only to be safe – this was never planned as the timeline for the repairs. Mr B says this was prolonged due to LV's contractor's negligence.

Mr B says the properties LV sourced were wholly unsuitable and the contractor it used agreed it probably didn't have the local understanding of suitable properties. He says he obtained a property for a lower cost than LV's contractor had suggested. Because of LV's contractor failure to plan appropriately he was forced to find alternative accommodation with one week's notice. He says this was a small cottage – had an equivalent to his home been found it would have been significantly more expensive. He says this was the result of poor planning on LV's part. Mr B says he didn't choose to arrange the accommodation himself but wasn't prepared to leave this to chance.

Mr B says the properties offered didn't meet the criteria specified for a number of reasons including; the need for his mother in law to stay over and be suitable for her health requirements, the distance from his home, limited parking, and an area was suggested that was considered unsuitable.

Mr B says the key start points on the project were the removal of the boiler and AGA. LV's contractor didn't contact the AGA specialist until three days before work was due to start on the property. He says there was then a four-week delay for LV's contractor to process a supplier application form for the AGA specialist. And payment wasn't provided within the AGA specialists required time frame, so it sent this to Mr B and refused to do any more work until it was paid. Mr B says this led to delays.

Mr B says he has spoken to the AGA specialist. It says LV's contractor contacted it in January 2021 but didn't engage it until toward the end of February. Mr B says he was in constant contact with LV's contractor at this time and had asked it relevant questions regarding the AGA specialist. He says he didn't receive full responses to these questions. Mr B says the initial work the AGA specialist carried out was under pro-forma invoice terms for immediate payment. But by the end of March, going into April, no payment had been made.

Mr B says this resulted in the AGA specialist asking its chosen sub-contractor to deal directly with LV's contractor because of the payment delays. He says this created "*dead time*" in the project at the end of April 2021 until the end of May.

In my provisional decision I referred to it being a difficult time for Mr B and his family – given the damage caused to his home and the extensive repairs that were required. Mr B says this doesn't satisfactorily capture what happened. He refers to his wife's poor health and that of her mother who required her care during this period. Mr B says the alternative accommodation impacted here, and LV had been made aware of his family's circumstances.

Mr B says the project timeframe started to slip because there were long periods when contractors weren't onsite because LV's contractor hadn't arranged this.

Mr B says he doesn't agree that the delays in the repairs were unforeseen, but that they were due to LV's contractor's negligence. He says drying did take two weeks, but this shouldn't have compromised the time frame for completion of the works. Also that more damage was found to the kitchen units than originally thought, but he says this was known and approval given to replace these items in February 2021. Mr B highlights the original plan from LV's contractor was to complete the work by mid-April.

Mr B says he has fuel receipts to be able to provide to LV so it can consider a payment for additional travel costs. But he doesn't think this will be relevant to any calculation for the costs he incurred. He says fuel is only one component of the additional cost and relevant expenses for which receipts are not going to be retained. He says the £10 per adult per day charge, referenced by our investigator – equates to a payment of £2080 for two adults for the 104 days in question. Mr B thinks this represents a more reasonable assessment of his additional costs and the disruption caused.

Mr B concludes his comments to say the compensation suggested doesn't nearly or reasonably cover the damages suffered. He says he's concerned that LV's contractor hasn't had input in this process. He also says the involvement of the loss adjustor wasn't at the intensive level needed.

LV didn't provide any comments or further information for me to consider.

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 have thought about Mr B's further comments regarding the alternative accommodation he stayed at and how this was sourced. I understand what he says about not leaving the situation up to chance to ensure he and his family had somewhere suitable to stay for the duration of the repairs. I acknowledge that the property he stayed in was far smaller than his home and this created issues for him and his wife, and when attempting to provide care for his mother in law.

In my provisional decision I acknowledged the difficulties Mr B and his family had faced during this time. I note his comments that he doesn't think this captures the situation and that he had couldn't leave finding accommodation to chance. My intention was by no means to diminish the impact all of this had on Mr B and his family. This was clearly a distressing time.

The criteria used by LV's contractor was for a 2/3-bedroom house. I note the reasons Mr B gave for why the properties suggested weren't suitable. But it's clear that properties suitable for Mr B's needs were limited within a reasonable distance from his home. He experienced

the same issue when sourcing a property himself. Having considered his further comments I'm not persuaded that LV treated him unfairly when attempting to source accommodation. So, although I sympathise with the upset Mr B and his family felt, I won't be changing my decision in relation to this point.

I acknowledge Mr B's comments relating to the involvement of the AGA specialist. I understand that he was concerned that from an early stage the specialist should be involved to avoid delays. I also acknowledge his description of payment issues with the specialist's invoices. In my provisional decision I said I didn't think it was reasonably known what the AGA work entailed prior to the specialist attending in February 2021. I said I didn't think LV should've anticipated significant issues with this aspect of the repair, or that it has been shown that the specialist could've been involved earlier, given the availability issues.

Mr B has sent in an email he received from the AGA specialist in June 2022. This says that it was approached in January 2021 by LV's contractor. It says it received chasing emails and communications including sub-contractor forms. The specialist says the delay seems to be from its end due to unprecedented work levels. It says it finally managed to get an estimate for works emailed over in late February 2021, which LV's contractor accepted the following day. The specialist again says that the delay seems to be mostly down to its workload. It says there were some issues with payment, but it feels that it did the best it could with the work load it had at the time.

I have thought about Mr B's comments and what the AGA specialist said in its email to him. I acknowledge there was a miscommunication when the specialist turned up at his home unannounced, which I commented upon in my provisional decision. I also understand Mr B has strong views that the specialist should've been engaged earlier, and that LV's contractor failed to arrange timely payment. But the specialist's comments indicate it was its workload at the time that was the major factor in work not being completed sooner.

In my provisional decision I acknowledged that overall, it is likely that the repairs could've been completed sooner, especially if communication from LV's contractor had been of a higher standard. Having considered Mr B's further comments and evidence concerning the AGA specialist, I still think a total compensation payment of £1,000 is fair to acknowledge the delays caused by poor communication.

I note Mr B's request that LV should pay £10 a day for each of him and his wife, for the 104 days his daily living was disrupted. I have read his policy terms and conditions, and this isn't something provided for by his policy. LV paid for alternative accommodation as opposed to Mr B remaining at his home whilst works were ongoing. This was to avoid the disruption of living in a property where repairs were being undertaken. In these circumstances I'm satisfied that £1,000 compensation is appropriate to recognise the inconvenience and distress caused.

I do think that it's fair for LV to pay for additional travel costs. It has said it's willing to consider this. I think this is reasonable. I don't see why Mr B's additional travel costs can't be considered for the additional distances he travelled whilst staying at the alternative accommodation. LV should consider this on provision of the relevant information to assess these costs.

My final decision

For the reasons I've explained above, and in my provisional decision, I uphold Mr B's complaint. Liverpool Victoria Insurance Company Limited should:

- pay Mr B £1,000 compensation for the distress and inconvenience caused by the

delays.

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

Mike Waldron
Ombudsman