

The complaint

Mr and Ms M complain that Liverpool Victoria Insurance Company Limited (“LV”) has treated them unfairly in relation to a subsidence claim made under their home insurance policy.

What happened

The background of this complaint is well known to parties. And has been detailed by our Investigator at length previously. So, I’ve summarised events.

- Mr and Mrs M made a subsidence claim under their LV home insurance policy.
- They have made a previous complaint about the handling of the claim and LV’s actions. This was looked at by this Service, and the events up until 15 September 2021 were considered. So, I won’t repeat these here.
- In September 2021, LV had been engaging with a third party who owned vegetation that was causing the subsidence in question. Following some back and forth with various parties to resolve the matter without legal action, it has since appointed solicitors to take the claim forward. LV said it would pay £5,000 towards the cost of roof repairs and would consider costs for the annex. It disagreed that damage or problems with windows and doors and other parts of the home were related to subsidence based on available evidence.
- Mr and Mrs M raised several concerns about LV’s actions, including concerns about delays, scope of vegetation works, and scope of repairs to the home.
- Our Investigator looked into what happened and upheld the complaint. He said LV had taken too long trying to engage with the third party over the vegetation without moving on to an alternative approach. He was satisfied LV can rely on the relevant arborist’s report. He felt LV could’ve completed a localised repair to the roof as opposed to the more extensive repairs carried out. But he said LV had yet to provide reasoning of its £5,000 offer or show how this was reflective of the likely cost of subsidence only repairs – and directed it to do so.
- The Investigator said it was reasonable for LV to consider the annex costs. That the available evidence suggested damage to doors and windows was not as a result of subsidence, and it was fair for LV to continue monitoring these issues and/or review liability for replacement windows and related damage in due course. And he discussed a technical report which mentioned various issues with the home, and concluded the issues were unrelated to subsidence or other insured peril damage.
- And he directed LV to pay Mr and Mrs M £200 in compensation, and to provide a prompt response with outcomes of its respective reviews.
- Mr and Mrs M disagreed, providing detailed further commentary and reasoning, and evidence relating to their roof including commentary from a builder.
- The Investigator looked again and changed his view. He felt LV had sufficient time to resolve the subsidence (since December 2017) which had ultimately failed. And he directed it to proceed with substructure repairs to address and resolve the matter. Unless it was able to show within a month that the necessary agreements regarding

vegetation removal had been met.

- Mr and Mrs M agreed. LV responded to say it had begun to draw up designs for substructure works if third party negotiations failed. It said a qualified ecologist was required to inspect the trees as there may be bats roosting within one of the implicated trees. And it said it should be able to provide a settlement for the roof to Mr and Mrs M directly. So, it asked for an extension of around two months to provide a full response – aiming to reply by the end of July 2022.
- The Investigator agreed to this but made it clear no further extension would be granted. Since then we've heard nothing further from LV.

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'm upholding this complaint. I'll explain why.

Substructure works

- ICOBS 8.1. requires insurers to handle claims promptly and fairly and to provide appropriate information on a claim's progress. I've considered these obligations here.
- In light of our Investigator providing a detailed timeline of events and LV appearing to accept his proposals, I'll be brief.
- LV was notified of this claim in December 2017. It was established that neighbouring vegetation was the cause of the subsidence in August 2018. And it appears LV first contacted the third-party owner of the vegetation in February 2021.
- And as of May 2022 LV had only begun to instruct solicitors and hadn't taken steps to begin alternative substructure works to settle this claim.
- While I can only comment handling of this claim after September 2021, it's evident to me from this period alone that the claim hasn't been handled promptly or fairly.
- LV had said it would be in a position to determine how it takes the claim forward by 30 July 2022 and said it would share this with this Service.
- It was given an extension and we've been given nothing to show these arrangements were successful. As a result, I'm satisfied LV has been given sufficient and ample opportunity to try to resolve this matter without resorting to an engineering solution and its negotiations or informal attempts at resolution haven't been successful. And I think it would be unfair on Mr and Mrs M to wait any longer.
- It follows, I'm directing LV to now take the claim forward and complete an effective and lasting repair in line with the policy terms – using a substructure repair method.
- Mr and Mrs M have indicated they wish for these substructure works to extend to the entire property. I understand their strong feeling, but I will leave this to LV in the first instance to determine what extent of repairs will be necessary in its aim of achieving an effective and lasting repair for their property.

Remaining issues and compensation

- As this claim is still live, there are a number of issues that have continued beyond the complaint being brought to this Service. Some of these may also now be impacted by the direction above for LV to take substructure repairs.

- So, I will not detail each of them within this decision and instead leave this matter for LV to conclude its settlement figures on the matters of the roof and the annex, and its view on liability of the windows and elsewhere. And simply direct LV to ensure that its handling of the claim going forward meets its obligation to handle the claim promptly and fairly.
- And should there be any dispute about settlement figures or liability once these respective reviews have been completed, these will need to be addressed by LV in the first instance before being brought to this Service if it cannot resolve matters.
- For the avoidance of any doubt, I'm in agreement with our Investigator that the limited evidence provided to this Service at this time does not persuade me the French doors have been damaged by subsidence. And I will leave this to LV to continue its review on this matter.
- But I will consider its handling of these issues overall and whether it has caused avoidable delays and distress and inconvenience. As I have outlined at the start, my review of the handling of this claim is limited to the events that followed September 2021. So, taking all of this into account, and the avoidable delays I believe LV is responsible for, I am directing it to pay Mr and Mrs M £200.

My final decision

I uphold this complaint. Liverpool Victoria Insurance Company Limited must:

- pay £200 to Mr and Mrs M for the distress and inconvenience it has caused them in the handling of this claim.
- take the claim forward and complete an effective and lasting repair in line with the policy terms – using an appropriate substructure repair method.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Ms M to accept or reject my decision before 6 September 2022.

Jack Baldry
Ombudsman