

The complaint

Mr and Mrs P complain that Liverpool Victoria Insurance Company Limited ("LV") – the insurer of their household cover - has provided poor service.

What happened

On 25 September 2019, Mrs P rang LV to tell it she was moving home. She gave LV details of the new property and LV said their premium would remain the same and that Mr and Mrs P would only need to pay an administration fee. Mrs P explained to LV that she was in the process of amending the address details of the new property with the relevant authorities and told LV what the new address would be. LV said it would check in 90 days' time to see if the address had been updated and then it would amend the details on Mr and Mrs P's policy documentation.

Later that day, Mrs P called LV again. She'd been surprised that LV had said she'd only need to pay an administration fee and wanted to check her new property would be fully covered. During the call, Mrs P corrected LV about some of the characteristics of the new property it had recorded. LV said the first call handler Mrs P had spoken to would ring her in 20 minutes.

Mrs P called LV again the same day. She corrected LV again about the details it held about the characteristics of her new property. This time, LV said she'd need to pay an additional amount for her cover for the remainder of the policy year, as well as the administration fee. Mrs P said her local council confirmed in November 2019 that her address had been updated. She said she called LV on 16 December 2019 and LV explained it'd made a note on Mr and Mrs P's file to regularly check the official address databases. It said it would update its own records once these had been updated. LV told Mrs P that she didn't need to contact it further about this.

In March 2020, Mrs P made changes to her cover and made a claim on her policy. LV told Mrs P what the changes would cost for the remainder of the policy year and told her what the equivalent annual premium would be, taking into the account the changes. The updated policy documents Mr and Mrs P received didn't show the updated and accurate address details.

In June 2020, LV said it would cost Mr and Mrs P £1,507.18 to renew their cover. The address information on their renewal documents still wasn't accurate. Mr and Mrs P were confused by the size of their annual premium increase and contacted LV. They said LV told them it'd noted incorrect information on the policy and that the cost should actually be around £250 more than their renewal premium. Mrs P told LV she was concerned that her property might not be fully covered and wanted her premium reduced to a fair value. She said she wanted the increase to her premium explained to her. Mrs P chased LV a number of times for a response to her concerns.

On 5 August 2020, LV said that, when using the incorrect address details it held, Mr and Mrs P's premium would reduce to £1026.54 if they withdrew their claim. But when it used the

correct details, the cover would be £1,888.46 if they didn't withdraw their claim. It said it should've explained to Mr and Mrs P that once it had updated their address, it would need to re-calculate the premium. LV said it would waive £195 of the increase as a good will gesture and said that the changes Mr and Mrs P had made to their cover in March 2020 would also have contributed to the premium increase. On 10 August 2020, Mr and Mrs P told LV they wanted to withdraw their claim.

On 14 August 2020, LV issued its Final Response Letter (FRL) to Mr and Mrs P's complaint. It said Mr and Mrs P had agreed to contact its claims area and cancel the claim and that it would offer them cover for £1026.54. The FRL said that LV would waive £396.28 – rather than £195 - of the difference between the annual premium they'd already paid and the cost of their cover based on correct address details.

On 20 August 2020, LV emailed Mr and Mrs P and said it had now correctly priced their cover and "after several delays and mistakes with processing this" it would offer Mr and Mrs P cover for £1026 but that the correct premium would be £1,888.46 and £1,312.83 if the claim was withdrawn.

Mr and Mrs P said they emailed LV on 17 November 2020 asking how the numerous premium amounts it'd communicated to them had been arrived at and asked when they would receive the refund due on the annual premium they'd paid. Mr and Mrs P said LV didn't respond to them.

Mr and Mrs P brought their complaint to us. They said they were concerned the issues they'd experienced could impact on them being able to get insurance elsewhere and said they were unhappy with LV's final response to their complaint. They said they wanted a refund reflecting the difference between the annual premium they'd paid and the £1026.54 LV had offered to provide cover for. They said they wanted compensation for the distress and inconvenience they'd suffered and reassurance that LV would update its records to reflect their claim had been withdrawn. They told us as well they wanted their premium reduced to a fair value and reassurance that their home and contents were covered.

Our investigator issued her view and didn't uphold Mr and Mrs P's complaint. She said LV hadn't acted unfairly when arriving at Mr and Mrs P's renewal premium, LV had admitted Mr and Mrs P's policy documents showed the wrong address and had waived the £396.28 additional premium, which our investigator said was fair and reasonable compensation.

Mrs P told our investigator that the refund and the £195 good will gesture remained outstanding. She said she was unhappy about the inconsistent increases to her premium and the confusing explanations LV had given about them. She wanted confirmation the claim had been closed and recorded appropriately and was unhappy about LV's lack of response to her complaint.

LV said it would process Mr and Mrs P's refund for £480.64 and offered to pay £100 compensation to Mr and Mrs P for being told to contact its claims team to withdraw their claim. Mrs P said she felt £100 to be a reduction on the £195 good will gesture LV had offered previously and said they should be offered compensation for all the inconsistent premium amounts LV had communicated to them.

Mr and Mrs P asked for an ombudsman's decision.

After I'd considered all the available evidence to decide what's fair and reasonable in the circumstances of this complaint, I reached a different outcome to our investigator. Because the outcome was different, I issued a provisional decision giving both parties a further chance to comment on my findings ahead of issuing my final decision

My provisional decision

I explained my provisional findings to both parties as follows:

"I am minded to uphold Mr and Mrs P's complaint by requiring LV to pay Mr and Mrs P an additional £250 compensation for the trouble and upset it has caused them and pay them interest on their premium refund. I'll explain why.

Administration issues

Mrs P called LV three times on 25 September 2019 to check it had correctly recorded details about the property she was moving to. And after the first two calls, LV still hadn't noted down the correct details. I don't think this is fair or reasonable as I'd have expected LV to have updated its records and told Mrs P the correct additional cost during the first call. So I think Mr and Mrs P should be compensated for this.

I think it's fair and reasonable that LV offered Mr and Mrs P cover for £1026.54, given that LV admitted there were mistakes and delays in processing the correct premium for Mr and Mrs P. But I think Mr and Mrs P should be awarded some compensation for the times they needed to contact LV so that LV's mistake could be put right.

Withdrawal of the claim

LV has offered Mr and Mrs P £100 compensation for telling them they'd need to contact its claims team to withdraw their claim rather than being able to act on the instruction they'd already given. I think this is fair and reasonable.

Fairness of pricing

Mrs P told LV she wanted the increase to her renewal premium explained to her. It's not unreasonable for an insurer not to provide a detailed explanation, as it would involve divulging commercially sensitive information.

But I have reviewed information LV provided this service confidentially about Mr and Mrs P's premium calculations. And I'm satisfied that LV fairly applied its underwriting criteria when it increased their renewal premium to £1507.18 and when it reduced this premium to £1026.54 if they withdrew their claim. I'm satisfied as well that LV hasn't treated Mr and Mrs P any differently to how it'd treat other consumers with the same set of circumstances.

Communications about premiums

I've already said I'm satisfied that the £1507.18 and £1026.54 premiums communicated to Mr and Mrs P were fair and accurate. But LV communicated many other premium amounts to Mr and Mrs P. And - from the information LV provided confidentially to this service - I can't say that all of them were calculated accurately.

I think it's reasonable that the inaccurate premium amounts confused Mr and Mrs P. Which caused them to question and complain about them. So I think Mr and Mrs P should be awarded compensation for the distress and inconvenience the different premium amounts LV communicated to them caused them.

Premium refund

Mr and Mrs P withdrew their claim, so I think it's fair and reasonable LV agreed to refund the difference between what they'd paid for their cover and the reduction LV offered them. But it's not fair or reasonable that LV took as long as it did to pay this refund. Mr and Mrs P told LV on the 10 August 2020 that they wanted to withdraw their claim. So I think it's fair and reasonable for LV to pay Mr and Mrs P 8% simple interest on the refund from the date they told LV they wanted to withdraw their claim to when the refund was paid. I also think Mr and Mrs P should be awarded compensation for having to wait as long as they did for the refund to be paid to them.

LV's handling of Mr and Mrs P's complaint

Mr and Mrs P told us they were unhappy about the number of times they'd had to contact LV about their complaint. This service can't comment on a business's complaint handling processes. If Mr and Mrs P wish to pursue this matter further, they'd need to contact the Financial Conduct Authority.

Compensation

Mrs P told us she felt LV were reducing the £195 good will gesture it had offered them to £100. But I'm satisfied that LV explained to Mr and Mrs P when it offered them the £195 that it was by way of a waiver of premium, and so this was never offered to them as a cash payment.

Mr and Mrs P confirmed they'd never been without insurance. And didn't provide evidence that their 2021-22 premium with a different insurer was more expensive because their claim hadn't been closed by LV.

So I intend to award Mr and Mrs P £250, in addition to the £100 LV has already offered them, which I think is a fairer reflection of the distress and inconvenience LV's poor service and poor communication has caused them."

Responses to my provisional decision

Mr and Mrs P and LV responded accepting my provisional decision with no further comments.

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.

And I've considered the responses of both parties to my provisional decision.

Because both parties have accepted my provisional decision and haven't provided any further comment or information, I've decided uphold Mr and Mrs P's complaint in line with my provisional decision.

My final decision

I uphold Mr and Mrs P's complaint by requiring Liverpool Victoria Insurance Company Limited to:

- pay Mr and Mrs P a further £250 compensation, in addition to the £100 it has already

offered them, bringing the total compensation to be awarded to £350; and

- pay Mr and Mrs P the £480.64 premium refund (if it hasn't already) plus 8% simple interest on this amount from the 10 August 2020 until the date Liverpool Victoria Insurance Company Limited pays (or paid) the premium refund in full.

Liverpool Victoria Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it Mr and Mrs P accept my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 24 November 2022.

Ruth Peek
Ombudsman