

The complaint

Ms R has complained about the service and settlement she received from Liverpool Victoria Insurance Company Limited (LV) following an escape of water claim she made on her home insurance policy.

What happened

Ms R made a claim on her home insurance for a leak which had caused damage to a ground floor bathroom and playroom. LV appointed a leak detection specialist to source and repair the leak.

There have been numerous disputes which have arisen during the life of this claim. Ms R is unhappy that LV's leak detection specialist failed to locate the leak on several occasions, causing delays, and that they caused damage to pipes during their excavations (although when this happened, they did repair the damage caused).

LV says a second leak was located underneath the kitchen, but Ms R feels this leak was always the original cause of damage, and water located beneath the bathroom and playroom had simply migrated to that area beneath the floor. Based on this, she's unhappy that LV insists on treating the kitchen leak as a separate claim.

It has also been noted that pipework within the concrete floor is showing signs of corrosion. Ms R wants LV to cover this as she says it has been caused by the pipes being left sitting in water from the leak, due to the delays caused by LV and its agents. But LV says the corrosion has occurred due to a lack of lagging around the pipes to protect it from reacting with the concrete. LV says this is a maintenance issue and not something covered under the policy.

Ms R is also unhappy with LV's handling of her alternative accommodation requirements and the amount offered to support with food and laundry costs.

LV accepts that it caused delays, distress and inconvenience. To recognise this, it has offered Ms R a total of £800 compensation. But it doesn't accept that it failed to offer suitable options for alternative accommodation or that the food and laundry allowance it offered was unfair.

One of our investigators considered Ms R's complaint. She issued two slightly different assessments. In her second assessment, she said LV was wrong to treat the leaks as separate as LV's second leak detection specialist said only one leak had occurred, and because the leaks were to the same run of pipe. And she said LV should cover the corroded pipe as, on balance, this had been caused by the water from the leak.

In terms of the overall service, our investigator agreed that LV had caused delays and issues which would have caused Ms R unnecessary distress and inconvenience. But she felt the £800 LV offered was sufficient to put things right. She also said LV had offered adequate options and support with locating alternative accommodation, and that its offer of £10 per day for food, plus laundry costs (subject to evidence) was fair and reasonable.

Neither side accepted our investigator's opinion. So, as no agreement was able to be reached, the complaint was passed to me to decide.

I was minded to reach a different outcome to that reached by our investigator, so I issued a provisional decision setting out my thoughts, and allowing the parties the opportunity to reply before I reached a final decision. Here's what I said in my provisional decision:

"What I've provisionally 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.

There has been extensive background to this complaint as the claim and complaint have been ongoing for several years. It's not my intention to comment on every event or dispute that's arisen during that time. Instead, I'll focus only on the issues which remain in dispute and which I believe are key to delivering a fair and reasonable outcome to this complaint. This isn't meant as a discourtesy to the parties, rather it reflects the informal nature of our service, and my role within it.

I'm also only considering issues that took place from the start of the claim to the point of LV's second final response to Ms R's complaint – in April 2022. I'm aware that there have been further issues since that response was issued. If these remain unresolved, Ms R can raise a separate complaint with LV, which could be referred to our service if she remains dissatisfied with LV's response.

Having considered the available evidence and arguments, I'm minded to reach a different outcome to that reached by our investigator. I'll explain why addressing each issue in turn.

Number of claims

Our investigator said LV should treat the issues in this case as one claim. She highlighted LV's own leak detection specialist's report, which stated:

"From our enquiries, we are satisfied that the damage is a direct result of an escape of water. We also consider that there has only been one escape of water, not two."

LV has provided subsequent comments from this specialist, confirming they weren't fully aware of the background to the complaint. They were aware there had been visits by a prior leak detection company, but they were under the impression no leaks had been identified or remedied.

I've reviewed all the expert reports completed as part of this claim. The second leak detection report from October 2021 clearly states that a leak was identified beneath the doorway between the playroom and kitchen. There is a photo of this pipework as well as of the subsequent repair which was carried out. It was only after the above leak was identified and repaired that another leak was discovered beneath the kitchen units.

This leak was discovered after Ms R cancelled her policy with LV. But LV accepted that it couldn't be known whether the second leak occurred before or after the policy was cancelled. So, it agreed to cover the second leak, which I think was fair and reasonable. But LV said this would be subject to a separate claim being set up and a second excess fee being payable.

Based on everything I've seen, I'm satisfied there have been two separately identifiable leaks. It therefore follows that I think LV is correct to treat each leak as a separate claim, with a separate applicable excess fee.

Corroded pipework

Ms R says the reason there is corroded pipework within her concrete subfloor is because LV caused unreasonable delays in identifying and repairing the leaks. This meant the pipework was exposed to the water within the subfloor for far longer than it should have been.

LV says the pipework has corroded because it wasn't 'lagged' (wrapped or taped). This meant the copper was in direct contact with the concrete. LV says its well documented that copper pipes will react with concrete if they aren't sufficiently lagged. LV suggests that it is the lack of suitable lagging and the corresponding corrosion which, on balance, led to the two leaks in the first place.

I've considered the arguments put forward by both sides, alongside the available expert evidence. The photos of the pipework clearly show the pipes embedded in the concrete without suitable lagging. And I've reviewed several articles online which support LV's assertion that copper pipework will corrode due to prolonged contact with concrete.

I do accept that, due to the delays caused by LV, the pipework will have been exposed to the leaking water for longer than it ought to have been. But I'm also mindful of the fact that the purpose of the copper pipework is to carry water from one place to another. So, it's expected that copper pipework will, to some degree, withstand contact with water as part of its very purpose.

Ultimately, I can't know for certain whether the corrosion was caused by the concrete, the water or a combination of both. But in the circumstances, on the balance of probabilities, I think it's more likely than not that the dominant cause of the corrosion was the direct contact with the concrete over time, caused by the lack of appropriate lagging.

In these circumstances, I don't think it would be fair to expect LV to cover the cost of replacing the corroded pipework as this isn't something that would be covered by the policy.

Alternative accommodation

As a result of the claim, Ms R needed alternative accommodation for a period of time. Ms R is unhappy with the process and level of support she received around this.

I've seen evidence that LV, via its agents, offered Ms R a number of options for alternative accommodation. They explored available properties in the local area on a short-term lease and considered hotels suggested by Ms R. Alternatively, they offered the option of a pop-up kitchen at Ms R's property which would have allowed her to remain at home. From what I've seen, it was Ms R who ultimately chose to stay in a hotel.

I appreciate that none of the options were completely ideal for Ms R. But home insurance claims will be inconvenient and frustrating by their very nature. So, while it was clearly frustrating to have to move out of her home and into alternative accommodation, I'm satisfied that LV offered suitable alternative options for Ms R to choose from. I don't think there was a lack of support around this either.

Disturbance allowance

By disturbance allowance, I'm referring to compensation for the financial loss caused by additional expenses Ms R incurred as a result of needing to move out of her home, or to live in her home without adequate kitchen facilities.

Our service has a well-established approach to disturbance allowance. This is that insurers should consider covering any reasonable additional costs their policyholder has incurred, and can evidence, as a direct result of the claim. This doesn't include costs they would usually incur, only additional costs incurred purely due to the claim. That said, we appreciate that people may not always remember to retain receipts for (for example) additional travel, food or laundry expenses. So, where a policyholder is unable to provide specific evidence of the actual costs they incurred, we consider an amount of £10 per adult, per day to be fair.

To be clear, this isn't intended to suggest that £10 per day is enough to cover someone's food, travel and laundry expenses in full. Rather, it takes into account that they would always incur some costs for these things. The £10 per day is to cover the reasonable additional costs they'd incur due to the circumstances of the claim. For example, higher food costs when staying in a hotel as a result of needing to eat takeaways/restaurant food rather than cooking for themselves.

In this case, LV offered Ms R £10 per day for her additional food expenses. And it offered to consider her laundry costs in addition to this amount, subject to evidence of the costs she incurred. I haven't seen any persuasive evidence that £10 per day was insufficient to cover Ms R's reasonable additional food costs. So, I'm currently minded to decide that LV's offer was fair and reasonable in the circumstances.

Delays, distress and inconvenience

It's not in dispute that the level of service LV provided (via its agents) fell short of Ms R's reasonable expectations. LV accepts it took too long to identify and repair both of the leaks and that the overall claim journey was distressing for Ms R. LV has offered a total of £800 to compensate Ms R for the impact of these issues.

I've carefully considered the timeline of events between the start of the claim and LV's second final response letter. I agree that there were numerous issues with locating each of the leaks, which meant several unnecessary site visits needed to take place and the claim took longer than it ought to have done to be resolved. However, I'm also mindful that one of the delays in the earlier part of the claim was due to Ms R not having a stop-tap repaired so that LV could carry out further works. It wouldn't be reasonable to hold LV responsible for this delay.

I've thought carefully about the various errors and delays which I think LV is solely responsible for. And having done so, I think the £800 already offered is enough to fairly compensate Ms R for the impact of those errors and delays. So, I'm not intending to direct LV to increase this amount."

I thought LV's offer of compensation was a fair way to resolve this complaint. So, I said I was intending to direct LV to pay Ms R that amount – if it hadn't done so already. I asked that the parties provide any further comments or evidence they wanted me to consider, before I reached my final decision.

LV didn't confirm whether it accepted or rejected my provisional findings.

Ms R responded and provided some further comments and evidence. In summary, she said:

- LV has lied about the accommodation. She was asked to locate properties or contact estate agents herself but no short term lets were available. This forced her into staying in a hotel.
- LV's agents failed to turn up to visits a number of times and she would sometimes go weeks at a time with no communication.
- LV's staff were sometimes rude. Their overall handling of the claim has caused her to lose out financially and emotionally.
- She paid LV's contractor separately to carry out some of the works. They completed a two-day job in one day and this resulted in a further leak (or reoccurrence of the same leak) and damage. The service around this was poor and resulted in her needing to be moved back into a hotel.
- LV's plumber uncovered further pipework which was clearly lagged. She says this shows that the other pipework would have been too, and that the lagging rotted away due to the prolonged exposure to water. Based on this, she said I should reconsider my finding on the corroded pipework.

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've also carefully considered the responses to my provisional decision. Having done so, my conclusions remain unchanged. I'll explain why in more detail below.

Poor work by LV's plumber

As I explained in my provisional decision, I've only looked at events up to LV's final response letter of April 2022.

I'm very sorry to learn of the events which have taken place since that date. But these will need to be dealt with separately to this complaint – and with LV in the first instance.

Ms R can raise a new complaint with LV about the events which have taken place – if she hasn't done so already. Should she remain unhappy following LV's final response to those issues, she will be able to refer that new complaint to our service, subject to our normal rules.

Number of claims

Neither side provided any detailed responses to my provisional finding on this point. So, my conclusion on the number of claims remains the same as in my provisional decision – and for the same reasons.

Corroded pipework

Ms R provided several photos of pipework which was uncovered during repairs, and which she says have been lagged. I shared these images with LV and asked for its comments. To summarise, LV said:

- The images do not show that the pipes have been wrapped in an anti-corrosion and sealing pipe tape.
- The photos show what appears to be a waterproof membrane laid over and under the pipes and that some pipes have plastic around them.
- The plastic wrapped around the pipes would not become rotten if exposed to water as its purpose is as a moisture barrier.
- If the plastic had rotted (which it doesn't believe to be the case) it would expect to see remnants of the rotted plastic around the pipes, but that isn't the case.
- The photos of the corroded pipes clearly show no protective measures were taken and this is the reason for the corrosion to those pipes.

I've carefully considered the comments and photos provided by both sides. Where evidence is contradictory, I make my decision on the balance of probabilities. That is, what do I think is more likely than not, taking into account all the available evidence.

I find LV's arguments about the plastic wrapped around the pipework to be logical and persuasive. I don't think it's likely that plastic wrapped around a pipe would completely dissolve and leave no trace of its existence. I'm also unable to see any evidence that the corroded pipework was wrapped in the same way as the other pipework.

Taking everything into account, on balance, I'm not persuaded that the corroded pipework was suitably lagged. And I remain of the view, on balance, that the lack of suitable lagging was the primary cause of the corrosion. So, I don't expect LV to cover the cost of replacing the corroded pipework.

Alternative accommodation and disturbance allowance

I carefully considered the available evidence in regard to this point before reaching my provisional decision. I'm aware that Ms R was asked to try and source accommodation herself. But I also note that LV was also seeking to do this for her and that it offered several different options to Ms R.

I don't think it would be fair or reasonable to hold LV responsible for the lack of available short term rental properties, or to conclude that Ms R was forced to choose a hotel because of something LV did wrong. I also note that LV were prepared to approve a 12-month let with a six-month break clause.

Ultimately, I think LV offered a suitable level of support, with sourcing and funding alternative accommodation and a disturbance allowance, for the reasons I explained in my provisional decision.

Delays, distress and inconvenience

I appreciate the difficulties Ms R has had to face during the life her claim(s) and complaint. There have been avoidable delays and service issues during the period of time I've considered as part of this complaint. But LV has recognised this and made an offer of compensation.

I considered all of this prior to reaching my provisional conclusions. And having reconsidered everything both sides have said and provided, I remain of the view that £800 is sufficient compensation to deliver a fair and reasonable outcome in the circumstances of this complaint.

My final decision

Liverpool Victoria Insurance Company Limited has already made an offer to pay £800 to settle the complaint. I think this offer is fair in all the circumstances.

So, my decision is that Liverpool Victoria Insurance Company Limited should pay Ms R £800 – if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 11 January 2023.

Adam Golding
Ombudsman