

The complaint

Mr E has complained about Liverpool Victoria Insurance Company Limited's (LV's) handling of a claim he made under his home insurance policy.

What happened

There has been extensive background to this complaint which I don't intend to repeat in full here. Instead, I'll summarise the key issues in dispute which I need to decide. This isn't meant as a discourtesy to either party, rather it reflects the informal nature of our service and my role within it.

But to briefly summarise, Mr E is unhappy with the time it took for LV to settle a claim he made for fire damage to his home in March 2021. Mr E is unhappy with LV's loss adjuster's handling of things. This includes a failure to provide key information and information promised, a failure to ensure the claim progressed in a timely manner and a failure to appropriately manage the various contractors involved. Mr E also says that the loss adjuster used bullying tactics to force him to accept works or settlements he wasn't happy with, thereby failing to protect LV's duty of care to Mr E as its customer.

LV accepts that the claim took longer than it ought to have to resolve. It says Mr E wasn't able to move back into his home until around four months after the original anticipated date, however it also said there were some delays which weren't avoidable. LV also accepts that the loss adjuster took too long to share information requested by Mr E and could have taken more ownership of the claim journey overall. However, it did not agree there was evidence of the loss adjuster behaving inappropriately or failing in any duty of care. To recognise where it accepted its service had fallen short, LV offered Mr E £600 compensation for the impact of its errors.

Remaining unhappy, Mr E referred his complaint to our service where it was considered by one of our investigators. She agreed that LV's overall level of service had fallen short, and that Mr E had been unduly impacted by the delays, communication issues and an overall lack of ownership taken by the loss adjuster. But having considered all the circumstances, she said LV's offer of £600 was in line with awards our service would typically make in situations similar to Mr E's, and that it was fair and reasonable in the particular circumstances of Mr E's claim and complaint.

Mr E didn't accept our investigator's opinion. So as no agreement has been reached, the complaint has been passed to me to decide.

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, and while I appreciate it will come as a disappointment to Mr E, I agree with our investigator's conclusions. I'll explain why.

It isn't in dispute that the claim took longer than anticipated to deal with, or that LV (either directly or by extension, the loss adjuster) are responsible for some of the unreasonable or unnecessary delays. However, I can see there have also been several unforeseen and unavoidable delays, such as:

- The severity of contamination caused by the damaged oil containers and the time needed to decontaminate.
- Decontamination works being slightly delayed due to COVID-19.
- The tender process being extended due to the withdrawal of one of the tendering contractors.
- Mr E's request to change the internal layout of the property (albeit initially suggested as an option by the loss adjuster) and the time taken to obtain engineer drawings and planning permission for these changes.
- Discussions over the reasons behind the change to the type of flooring suggested by the engineer.

From everything I've seen, I don't think LV has been solely responsible for all the delays in this claim. However, it's clear that there were some unreasonable delays, and that Mr E has been unfairly impacted by these. The result of this being that Mr E wasn't able to move back into his home until around four months later than he ought to have been if things had run smoothly, and around 18 months after the date of claim. During this time, he was living in a static caravan (purchased for his use by LV) on his neighbour's land. And while I appreciate the choice of alternative accommodation was made by Mr E, this additional, unnecessary time in those conditions would clearly have been distressing and inconvenient.

LV has already acknowledged and accepted all of the above. It says it usually considers an amount of £100 per month for each month of unreasonable delay to be fair in these circumstances. And I agree with our investigator that an award of that nature isn't out of line with what I'd expect to see in similar circumstances.

LV also added a further £200 to the four months' worth of delays it accepted it was responsible for, taking the total compensation to £600. But Mr E disputes that the delays only amount to four months on the basis he was told the works should take 12 months from April 2021, but actually took until the end of September 2022 – and were still not fully completed at the point of his complaint to our service.

I've thought carefully about Mr E's position here. But while I can see that the loss adjuster initially estimated around 12 months, this was before any detailed investigations, excavations or demolition had taken place. So, I don't consider it unfair or unreasonable that some additional time was required. Ultimately, I think LV's approach of compensating for the four-month period between the estimated date Mr E could return to his property and the actual date it was deemed to be habitable again, to be fair and reasonable in the circumstances here.

And I also consider that the additional £200 it offered is sufficient to compensate for the distress and inconvenience Mr E suffered as a result of the loss adjuster's poor handling of matters, such as not providing information in good time or effectively managing the various parties to minimise the delays. But like LV and our investigator, I've not seen any additional evidence to support Mr E's allegations of bullying tactics from the loss adjuster.

I know Mr E is unhappy that the initial tendered value was much lower than the amount ultimately needed to complete the repairs. He feels this was done on purpose to keep the offer of cash settlement, made at the time, low. But I've seen no evidence of any malpractice here. Given the number of variations made throughout the claim journey, including the decision to change the layout of the property, and the well-publicised increasing cost of building materials throughout 2021 and 2022, I don't find it surprising that the final costs came in higher than initially predicted.

I also know Mr E felt the loss adjuster treated him unfairly when suggesting certain costs associated with the removal of contents be applied to his buildings cover instead. But it appears this was done because of a potential risk of contents underinsurance, which would have been financially detrimental to Mr E. So actually, I think this is an example of the loss adjuster putting Mr E's interests first, rather than making up rules to suit himself as suggested by Mr E.

Finally, Mr E has also raised concerns about issues with the condition of his property when he moved back in, queried the amount of disturbance allowance paid to him (a figure paid to recognise the financial impact of him staying in temporary accommodation before the purchase of the caravan, stated to have been agreed at £10 per day per adult), and the loss adjuster failing to provide him a breakdown of the costs he saved in not having some parts of the property reinstated, which were due to be paid to Mr E to help pay for lost items.

As I understand it, these issues are currently being dealt with by LV under a separate open complaint. These issues were not included in Mr E's initial complaint to LV or in its final response letter to him. Because of this, I'm unable to comment on or answer these issues as part of this decision. However, should Mr E remain unhappy with LV's final response to the separate complaint, he'll be able to refer those concerns to our service as a new complaint, subject to our normal rules.

In summary, I agree that LV's claim handling and the overall level of service Mr E received fell short of his reasonable expectations. However, I think LV's apology and the offer of compensation made in its final response letter are sufficient to fairly resolve Mr E's complaint. So, it follows that I'll not be recommending it do anything further under this complaint.

My final decision

For the reasons set out above, I've decided not to uphold Mr E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 13 November 2023.

Adam Golding
Ombudsman