

The complaint

M complains about how Liverpool Victoria Insurance Company Limited ("LV") handled its claim on its landlord's insurance policy.

Mr T is a director of M and brings the complaint on its behalf. For ease, I will refer to Mr T throughout the decision.

What happened

M had a landlords insurance policy for a property it owns and rents out. In November 2021 Mr T made a claim on the policy after a car collided with the property causing damage.

LV accepted the claim and over the months that followed, it arranged repairs. However when its contractors arrived at the property they found that work couldn't go ahead until the gas and electricity were disconnected. Mr T arranged for this to happen and in April 2022 work began to repair the property.

As there was no heating and hot water during this time, LV agreed that Mr T's tenants could move into a nearby hotel while the work was completed and it would cover the cost. Mr T booked this however LV only reimbursed part of the cost, as it said Mr T had booked more nights than were required.

Mr T made a complaint. He said he'd spent a lot of time chasing LV to move the claim forward and it had been unhelpful when he had. And he said it should cover the whole cost of the alternative accommodation as it had agreed to previously.

LV offered £350 compensation to make up for the delays and poor service, however didn't offer anything further towards the alternative accommodation. Unhappy with this Mr T bought the complaint to this service.

Our investigator didn't think LV had done enough, she recommended it reimburse Mr T the full amount for the alternative accommodation as it covered the time the property was without heating and hot water. As Mr T had paid for the hotel at the time, she thought it should also pay 8% interest on any amount reimbursed from the date he paid for it until the date of reimbursement, to make up for the time he was without the funds.

LV didn't agree. It said it had suggested a cheaper hotel, but Mr T had booked something more expensive so it shouldn't have to pay the difference. It asked for the complaint to be reviewed by an ombudsman.

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.

Alternative accommodation

LV has confirmed that work was carried out on the property between 27 April and 9 May.

During this time the property was without heating and hot water.

The policy states that cover is provided for alternative accommodation:

'For the period your property is uninhabitable following loss or damage covered under this section...'

While LV initially argued that the property wasn't uninhabitable, it has since agreed to cover the costs of a hotel during the time the property was being repaired. And I agree this is fair and in line with the policy terms.

However it's said that it is only prepared to offer £420 as this reflected the cost of a budget hotel it found for seven nights, which was available at around £60 per night.

Mr T has provided invoices to show that he paid a total of £996 for a stay from 27 April to 9 May. These show that the cost of the hotel varied on different nights, with costs ranging from around £65 to £100. And while it isn't the same hotel LV suggested, it is of a similar standard. Based on the price LV originally quoted and the standard of the hotel, I don't consider these to be unreasonable costs.

Further, in both the claim notes and by email LV has confirmed that the repair work was being carried out between these dates. So I don't consider this an unreasonable time period for Mr T to house his tenants in alternative accommodation.

For this reason I agree with our investigator's recommendation that LV reimburse Mr T for the full cost of the alternative accommodation. And, as he has been without the funds for some time, it should pay 8% simple interest on all amounts paid from the date Mr T originally paid for them until the date LV settles the claim.

Delays

Having looked at the correspondence provided by each side, I can see that LV has been slow to progress this claim. It took it a long time to arrange for contractors to attend the property to start repairs and this has meant Mr T has had to contact it repeatedly to ensure progress. I appreciate there have been further delays due to the involvement of a third party company who are responsible for turning off the gas and electricity, and this was a delay that was outside LV's control. However even without this, I think the claim should have progressed more quickly, and LV could have done more to limit the impact on Mr T and his tenants.

LV has offered £350 compensation to apologise for these delays and this is in line with what I would have recommended if it hadn't made an offer. I'm therefore satisfied it's done enough in this regard.

I note Mr T's request for LV to reimburse interest paid on a loan that he took out to purchase the property outright. As he had intended to mortgage the property but couldn't do so until the damage was repaired. While I appreciate this would have been frustrating, it's not a cost I can fairly hold LV responsible for. In part because it is difficult to know how much the exact loss would have been, as interest rates vary and there is no way to prove the exact date that this would have happened. But also, while LV are responsible for some of the delay to the claim, there were some parts that were out of its control. And there would have always been some delay to Mr T taking his intended action just due to the claim itself, rather than LV's involvement. So it wouldn't be fair to hold it accountable for this loss.

My final decision

For the reasons I've given, I uphold M's complaint and direct Liverpool Victoria Insurance Company Limited to:

- Reimburse M for the full amount paid for the alternative accommodation.
- Pay 8% simple interest on the amount paid from the date M paid for the accommodation until LV reimburse him.
- Pay M the £350 compensation already offered if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T, on behalf of M, to accept or reject my decision before 31 July 2023.

Sophie Goodyear
Ombudsman