

## **The complaint**

Mr and Mrs C have complained about their property insurer Liverpool Victoria Insurance Company Limited (LV) regarding a subsidence claim they made in 2016.

## **What happened**

Mr and Mrs C had noted some crack damage at their home. Their neighbour had a recent subsidence diagnosis, so they made a claim to LV in October 2016. LV accepted the claim, a loss adjuster attended, various technical reports were completed and, during 2017 drains were repaired. Cracking between an extension and the main part of the home was found, along with cracks within the extension itself and sloping floors and windowsills. But by the start of 2023 LV was only just looking at starting repairs.

The repair schedule did not include anything to resolve the overall level of the floors in the extension. Mr and Mrs C were unhappy about this. As well as about how the claim had progressed to that point. They said LV had not engaged with the claim at all and it had not substantially progressed it between 2016 and 2023. Regarding the extension, they noted LV was saying the floor level was a historic issue and that it had determined this by reference to level monitoring. But they said the monitoring had only taken place in 2021. So they didn't think that could reasonably support an argument of historic movement.

Our Investigator didn't think LV had shown the damage in the extension was historic. He felt it should be repaired as part of the claim. He also thought £2,000 compensation should be paid for distress and inconvenience.

LV responded, agreeing to the compensation. It said its loss adjuster had accepted that the damage in the extension was not historic and that it needed resolving as part of this claim.

Mr and Mrs C were unhappy. They noted the change in view regarding the extension, but felt it had taken too long for LV to decide this. They felt the compensation was too little, equating to less than a pound a day for the term of the claim.

The complaint was referred for an Ombudsman's consideration.

## **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 think it's fair to say that this claim has gone on for longer than it should have done. I think LV accepts that is the case. I know Mr and Mrs C are upset that LV hasn't been managing things. And I should explain that LV, as do many insurers, delegates responsibility for handling a claim like this to loss adjusters. But if the loss adjusters fail to manage the claim – that is LV's failure.

*Lack of progress and compensation*

It is fair to say that subsidence claims can be some of the longest to resolve. And they will often require a lot of input from policyholders to attend meetings or allow access for investigations. That's because often in subsidence claims, before repairs can be done, an insurer has to know what caused the problem in the first place in order to ensure the cause has been mitigated. Otherwise long-lasting repairs can't be undertaken. Sometimes it is the monitoring which takes time, or sometimes remediating the cause. Sometimes all stages of a subsidence claim can become protracted and delayed for differing reasons.

From what I've seen here though there doesn't seem to be any real identifiable, reasonable cause for delay. Rather it seems to me that the loss adjusters didn't really seem to deal with this claim proactively. Most of the notes I've seen on file show that reports were being waited for, or input from other parties, such as the water authority, was required. Reference is made to monitoring at certain times – but no results from those assessments are included in the update reports produced to show progress of the claim. And in one instance I see a site visit was requested by one department in May but the request was missed. The visit was finally organised in November.

There was poor work – in 2019 it was found the repairs undertaken by LV's contractor in 2017 had been poor. So some re-work was required. That was clearly a cause for frustration and required some significant extra input from Mr and Mrs C. Seemingly between 2017 and 2019 a scope for repairs was being compiled and reviewed, with some monitoring occurring. So I don't think the poor repairs held the claim up by two years. But clearly, in 2019, that work still being outstanding impacted the claim's progression at that time. With further monitoring then being required. It is important in any claim like this for a property to be stable before crack repairs begin.

As of 2023 LV was satisfied the property was not moving. It's entitled to rely on the expert advice it has received in this respect. And I've seen the monitoring results undertaken in 2021 which seem to support that conclusion. How much monitoring is required will differ upon the circumstances of each claim, such as the original cause, as well as how and when that was remediated. But I note the real concern that existed in April 2023, when Mr and Mrs C complained to the Financial Ombudsman Service, was the repair of the extension. They confirmed to us this was the one issue they had with the repair scope.

For the distress and inconvenience Mr and Mrs C were caused up until April 2023, I think £2,000 is fair and reasonable compensation. I think this was always a claim that would have taken time to progress to repairs and which would have needed a lot of input from Mr and Mrs C. But I do think things became protracted and didn't progress at times as they should have done. I can quite see why they became frustrated.

But I bear in mind that whilst having an on-going claim is stressful, their daily lives were not impacted, such as by having no kitchen. And whilst they had to attend visits and the like, some input from them, as I've said, would always have been required. I'd add that we don't award compensation based on a daily rate. And our awards are not designed to punish businesses. I'm satisfied that £2,000 is fair and reasonable in the circumstances here.

I know Mr and Mrs C think they could have done things differently during the last few years if the claim had been resolved, perhaps attained work promotions. But I can't be sure any of that would most likely have happened. However, I've taken their frustration about their perceived lack of opportunity into account when deciding my compensation award.

I know Mr and Mrs C have felt tied to staying with LV for their insurance whilst the claim has been on-going. So they feel like they haven't been able to shop around for better premiums. But the reality of having a subsidence claim on their record, even once the claim is closed, it

that their ability to shop around will likely be impacted. So I'm not persuaded that the delayed claim has affected their opportunities in this respect.

### *Rear extension*

Mr and Mrs C believe the extension had twisted away from the house. They noted the floor along the length of the extension dropped at an increasing angle. The loss adjuster, in early 2023 seemed to think this was historic. So there were no plans to resolve the floor in the extension. I agree with Mr and Mrs C's concern about the logic of the reasoning for that decision. It certainly didn't seem to take into account that the evidence being relied upon was gathered some five years after the claim began. I think that decision was flawed. But I note that whilst our complaint was progressing, a further visit occurred at Mr and Mrs C's home and LV, along with its loss adjuster, has accepted that the level of the extension has been affected by the subsidence event claimed for. So it is no longer being argued by LV that the floor damage is excluded from the claim on account of it being historic. As I understand it the claim is now progressing with new schedules of work being created. So I won't say any more about the floor damage and reinstatement at this stage.

### **Putting things right**

I require LV to:

- Pay Mr and Mrs C £2,000 compensation for distress and inconvenience.
- Include repair of the floor in the extension into the schedule of work.

### **My final decision**

I uphold this complaint. I require Liverpool Victoria Insurance Company Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 5 December 2023.

Fiona Robinson  
**Ombudsman**