

The complaint

Mrs H and Mr Z complain about the way Liverpool Victoria Insurance Company Limited (LV) has handled a claim under their home insurance policy.

As Mr Z has been leading on this complaint, I've referred to him throughout. Any reference to LV includes the actions of its agents.

What happened

The circumstances of this complaint are well known to both parties, so I've summarised events.

- Mr Z has a home insurance policy which is underwritten by LV. In February 2022, his property was damaged following a storm, causing the collapse of the end gable wall.
- Because of the extent of the damage, Mr Z and his family had to move into alternative accommodation. Mr Z says LV told him he'd be back in his property in six to eight weeks' time.
- The scope of works was agreed between the parties, and by mid-June the end gable wall had been rebuilt. But Mr Z questioned why the chimney hadn't been repaired as it had been included in the original scope of works. LV said the chimney damage wasn't caused by the storm.
- Mr Z also raised the issue of damp inside his property. LV accepted there was damp, and a recommendation was made for the interior to be dried out.
- Because the repairs hadn't been completed, in July 2022, Mr Z and his family moved into a rental property owned by Mrs H. LV agreed to cover the cost of the rent at £1,250 per calendar month, for a period of six months.
- In August 2022, Mr Z raised concerns about the roof repair and chimney. He said that because the roof repairs hadn't been completed properly, rainwater was entering his property, causing further damage.
- LV agreed to a drone survey being carried out to review the condition of the roof and chimney. The surveyor said the chimney damage wasn't related to the collapse of the end gable wall, and issues with the roof weren't attributable to poor repairs. So, LV said the damage wasn't connected to the storm and wasn't covered under the claim.
- Because Mr Z disagreed, LV arranged for another surveyor's opinion - who concluded the damage was due to a lack of maintenance and wear and tear.
- LV subsequently offered to cash settle the claim but reduced the settlement amount to account for an overpayment it said it had made in respect of the rent. LV said it had paid £1,250 per calendar month when it should have paid £550 per month – as

that's what the previous tenant's rent was.

- Unhappy with the handling of his claim, Mr Z complained to LV. In its final response, LV said it was satisfied it had handled Mr Z's claim in a timely manner and didn't consider its service to have fallen short.
- Mr Z brought a complaint to this Service. An Investigator considered it and partially upheld it. In summary he said LV should: pay £200 compensation; consider the damaged contents items as part of the claim; calculate the overpaid rent using a monthly figure of £900, not £550; consider any additional utility costs Mr Z incurred at the risk address (subject to proof).
- The Investigator was satisfied LV's decision to not cover the chimney and further repairs to the roof was fair.
- LV accepted the Investigator's findings, but Mr Z disagreed, and so the complaint has been passed to me for an Ombudsman's decision.

Having considered things, I issued a provisional decision in which I said:

"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.

Many parts of this complaint concern ongoing issues that will require further investigation from LV and input from Mr Z. As a result, I won't be reaching a decision on the outcome of all these matters as it wouldn't be practical at this time. And this Service will not become involved in ongoing claims handling. I will be commenting definitively on the position of alternative accommodation, increased utility bills, and delays.

Alternative Accommodation

- *Mr Z is unhappy LV deducted from the cash settlement an overpayment it says it made in respect of the rent paid for alternative accommodation. LV paid £1,250 per month for a six-month period, but it said it should have only paid £550 per month, as that's what the rent was at the time.*
- *Our Investigator explained why he didn't consider that to be fair and said he'd seen evidence which showed the rent was going to be £900 per month and so, said this amount should be used when calculating any over payment – which LV agreed to.*
- *Mr Z doesn't consider it reasonable for LV to make any deduction as £1,250 per calendar month was agreed. And I agree with him.*
- *The evidence suggests a telephone conversation took place between LV and Mr Z where a rental amount of £1,250 was agreed for a six-month period. From what I've seen, LV was fully aware of the rental amount before confirming to Mr Z that it would cover this. So, whilst I acknowledge LV may in hindsight wish to alter the agreement it made with Mr Z, I'm simply not persuaded this would be fair in the circumstances as it understood the facts of the situation when agreeing to those terms. For this reason, I will be directing LV to not make any deductions from its overall cash settlement that are related to any payments of alternative accommodation.*

Utility bills

- *Mr Z complains he's incurred higher utility bills at the insured address because of the repair works. LV has said it'll consider these costs as part of the claim. I consider it reasonable for LV to cover these costs subject to Mr Z demonstrating he's incurred higher bills than he ordinarily would have whilst the repairs were being carried out.*

Delays and compensation

- *The Insurance Conduct of Business Sourcebook (ICOBS) requires insurers to handle claims promptly and fairly. What's prompt will depend on the circumstances of the claim – where there's extensive damage repairs are understandably going to take longer. So, this Service wouldn't award compensation for inconvenience or distress which is reasonably to be expected when dealing with a claim like Mr Z's.*
- *It seems Mr Z was initially told the repairs would take a couple of months, but this wasn't achieved. I haven't identified any significant avoidable delays which account for why the claim took longer – it seems in part that it was simply the repairs took longer than estimated.*
- *But also attributing to this was the parties disagreeing on the next steps with regards to the roof and chimney. This resulted in third parties being instructed to provide expert reports on the matters – which unavoidably extended the life of the claim.*
- *It does seem however, there was an avoidable delay in respect of drying the property- though this was for a relatively short period.*
- *Whilst it seems LV initially underestimated the duration of the repairs, upon realising things would take longer, it agreed to Mr Z and his family moving into Mrs H's rental property on a longer-term basis to minimise disruption to their daily life and to alleviate some stress.*
- *Whilst I'm aware the claim has continued for some months after LV's final response, I am only considering the impact of events up until this time. With this and the above in mind, I'm satisfied £200 compensation is fair in the circumstances.*

The issues below are those which require further investigation from LV.

Chimney and roof repairs

- *I'm aware Mr Z is unhappy with LV's decision to not carry out repairs to his chimney and roof. Whilst this complaint has been with this Service, Mr Z has provided an engineer's report to support his position that the damage ought to be covered because it's either attributable to the storm or was caused by poor repairs.*
- *I understand LV hasn't had sight of this report and so, will need to consider it before this Service comments on it. If following LV's review of this new information Mr Z remains unhappy, he can raise a complaint about this.*

Internal repairs

- *Mr Z complains internal damp hasn't been adequately dealt with and that it was caused by LV's contractor's poor workmanship. Whilst I don't have sufficient evidence to conclude the cause of the damp, LV has agreed to reattend the property to inspect the damp and see if it's connected to the storm damage. And I consider*

this to be reasonable in the circumstances.

- *If following its investigation, LV considers the damp to be linked to the storm – either directly or indirectly (because of poor repair works) - I would expect it to include the costs of putting right the damage in the cash settlement. As this part of the claim is ongoing, I won't make any further direction on this matter. However, should there be a further dispute about this matter this may be something Mr Z refers to this Service for consideration.*

Dry-stone wall

- *Mr Z has raised concerns about repairs carried out to his property's dry-stone wall. Whilst it seems to be accepted by both parties that there's been a repair – Mr Z doesn't consider it to be a lasting and effective repair.*
- *Following the Investigator's view, Mr Z provided further information which he considers supports his position that the wall is unsafe. LV hasn't had sight of this report and so, it needs the opportunity to comment on these findings before this Service can investigate this matter further.*

Flue liner

- *Mr Z says both flue liners ought to have been replaced in line with the scope of works but only one was. Initially, LV said its contractor had replaced both flues but later clarified only one had, but that the other was tested to make sure it was safe.*
- *LV has said it will reattend and carry out a further safety check of the flue – which I consider to be a reasonable next step. If following this investigation, Mr Z remains unhappy he'd need to complain to LV in the first instance.*

Damage to contents

- *Mr Z complains his sofa, carpets and gas fire were damaged during the repairs. LV has said it'll consider these items once Mr Z provides evidence of the damage – which I consider to be reasonable.*
- *In demonstrating the damage, Mr Z will need to provide photographic evidence which shows the condition of these items before and after the claim, so that LV can reasonably assess the cause of the damage. I will leave these matters for LV to review in the first instance.*

Central heating

- *Mr Z has said there have been issues with the central heating since returning to the property – namely, a ceased valve and the system requiring flushing due to it being switched off for several months. He considers these issues to be attributable to LV's handling of the claim.*
- *These issues post-date the final response and so, I won't be commenting on this. If Mr Z remains unhappy about this issue, this will need to be raised to and addressed by LV as a separate complaint.*

My provisional decision

My provisional decision is that I intend to uphold this complaint and direct Liverpool Victoria Insurance Company Limited to:

- *Pay Mr Z and Mrs H £200 compensation.*
- *Not make any deductions from its overall cash settlement related to payments of alternative accommodation - as it previously intended to.*
- *Cover increased utility bill costs which were incurred at the risk address, and which are attributable to the repair works - subject to Mr Z providing proof of this."*

Both parties replied to my provisional findings. Mr Z accepted the findings but said he didn't want LV to use the contractor it had appointed to complete the original repair works due to issues with its quality of work and concerns it had claimed for work which hadn't been carried out.

LV agreed with my findings apart from the issue regarding it recouping what it considers to be an overpayment of rent in respect of alternative accommodation. LV accepts the rental cost of the alternative accommodation wasn't consider unreasonable. But it doesn't consider Mr Z to have acted in good faith because he didn't initially disclose the property was already owned by Mrs H. LV said had it known this, it would have made further enquiries into the previous rental costs.

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 I'm not departing from the findings of my provisional decision and I'll explain why.

Alternative contractor

Mr Z has asked me to direct LV to appoint an alternative contractor to complete any further remedial works. I'm not persuaded however, that LV must do so in the circumstances of this complaint because if there are concerns with the quality of the contractor's work, a reasonable course of action is for the contractor to be given the opportunity to put things right in the first instance.

Alternative accommodation

I've looked at the correspondence between Mr Z and LV around the time it agreed to paying rent in respect of the property owned by Mrs H.

Of note, is an email dated 30 June 2022, where LV says: *"Please proceed with both the storage and secure the rental. Please confirm as soon as possible a move in date so that notice can be provided to the current."* This email is in response to Mr Z informing LV that he's looking at property with a monthly rent of £1,250 but which is less than other properties in the area.

LV subsequently asked Mr Z to provide a copy of the tenancy agreement which he did prior to the date the tenancy was due to start. The tenancy agreement shows it was between Mr Z and Mrs H. And so, I'm not persuaded Mr Z withheld relevant information but rather provided the information that was asked of him. If LV considers its due diligence to have been lacking after the event, I'm not satisfied that's Mr Z's fault. And in any event, given it was going to

agree to covering rent for properties which attracted a higher rent, I'm not persuaded it's made a material difference.

My final decision

My final decision is I uphold this complaint and direct Liverpool Victoria Insurance Company Limited to:

- Pay Mr Z and Mrs H £200 compensation. LV must pay the compensation within 28 days of the date on which we tell it Mr Z and Mrs H accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.
- Not make any deductions from its overall cash settlement related to payments of alternative accommodation - as it previously intended to.
- Cover increased utility bill costs which were incurred at the risk address, and which are attributable to the repair works - subject to Mr Z providing proof of this.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr Z to accept or reject my decision before 26 October 2023.

Nicola Beakhust
Ombudsman