

The complaint

Mr B complains about how Liverpool Victoria Insurance Company Limited (“LV”) has handled a claim he made under his home insurance policy. He’s also unhappy that LV wouldn’t agree to cover the costs of some of the repairs that were carried out.

LV is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As LV has accepted it is accountable for the actions of the agents, in my decision, any reference to LV includes the actions of the agents.

What happened

In mid-2020, Mr B made a claim under his home insurance policy with LV after an escape of water caused damage to his property. LV appointed loss adjusters to manage the claim and arranged for drying work to be carried out.

Mr B and his family were provided with a temporary kitchen as the damage left them without cooking facilities. LV told Mr B on several occasions that it planned to remove the temporary kitchen. After Mr B complained, LV agreed for it to remain until the end of January 2021. In February 2021, the temporary kitchen was removed, and it was agreed that Mr B would be paid a daily living allowance instead.

LV agreed to pay Mr B a cash settlement for the reinstatement works. However, an agreement about the scope of works couldn’t be reached, so LV appointed a surveyor in December 2020. After some further discussion a cash settlement was agreed, and LV said it would pay for alternative accommodation for three months while the repairs were carried out.

The reinstatement works were scheduled to begin in August 2021. However, Mr B told LV these needed to be delayed until November 2021. LV didn’t initially agree to extend the daily living allowance for this period, but it later decided to pay this.

After the reinstatement works began, Mr B told LV that further damage relating to the sub-floor downstairs had been found. However, LV wouldn’t agree to cover the cost of repairs.

In late 2022, Mr B made a complaint to LV. He raised a number of concerns regarding the handling of his claim and the settlement it had paid.

In response to Mr B’s complaint, LV said there was no evidence to support his claim that the hall floor had been damaged by the incident. It said an inspection had been completed from underneath the bathroom floor which identified that one joist could have been affected by the water leak. A cash payment had been agreed for this item.

LV said it had offered Mr B a number of options regarding alternative accommodation at the outset of the claim. The temporary kitchen was acceptable to him and was installed. By January, Mr B had requested this be removed. The property was only uninhabitable due to a lack of cooking facilities which was why the kitchen was a reasonable solution. Once the building works started, a let was agreed to cover the period of the insurance related works only. It said the living allowance ended after the timeframe for the insurance related repairs expired.

LV said it wasn't deemed necessary to appoint a surveyor at the beginning of the claim. However, it had appointed one in December 2020 after queries over the scope of work to ensure LV could determine if there were other areas of damage that related to the claim.

LV said a cash settlement offer was put forward in October 2020, but Mr B had presented a list of repair items for consideration. A further cash settlement was confirmed in April 2021 but a response to this wasn't received from Mr B until October 2021. LV said delays on the claim had been either unavoidable or out of its control.

After some further contact from Mr B, LV offered to make a payment of £6,658 to take into consideration the increase in the price of materials and labour over the period of his claim.

Mr B remained unhappy and asked our service to consider his concerns.

Our investigator didn't think LV needed to pay anything further to cover the cost of repairs. However, she recommended that LV pay Mr B £400 for distress and inconvenience.

LV agreed to pay Mr B the £400 our investigator recommended. But Mr B disagreed with the investigator's outcome. He said his complaint was primarily about the extent of damage caused by the incident which was the liability of LV under the terms of his insurance policy. It was not just the adequacy of drying. He was unhappy that LV wouldn't consider more extensive damage that was discovered during the reinstatement works.

Mr B also made a number of other comments about LV's handling of his claim and the impact of this on him and his family.

As Mr B disagrees with our investigator's outcome, his 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, I've decided to uphold Mr B's complaint in part. I'll explain why.

I've considered everything Mr B has told our service, but I'll be keeping my findings to what I believe to be the crux of his complaint. I wish to reassure Mr B I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

Adequacy of drying

I can see that Mr B raised concerns about the adequacy of the drying of his property in October 2020. He said an independent builder had inspected the property. The builder had said the playroom appeared to still be presenting a level of dampness and believed the bathroom had been affected by the escape of water.

LV's loss adjuster disputed there being any damage to the bathroom area and said the playroom had been confirmed as dry by the contractor who carried out the drying works.

However, when LV's surveyor visited in mid-December 2020, he concluded it was likely that water had escaped into the sub-floor beneath the playroom. He recommended a small section of floorboards be lifted to confirm moisture content and that the joists be treated with fungicidal treatment once dry. It was later established that there was some decay to the joists in the sub-floor of the playroom and the cost of replacing them was added to LV's cash settlement offer.

The surveyor who visited in December 2020 said there was no evidence of leak damage in the bathroom, but he recommended the underside of the floor be inspected once the kitchen ceiling was taken down. After the ceiling was taken down (in around November 2021) LV carried out an inspection and found there was timber decay at the ends of some of the ceiling joists. So, LV agreed to cover the cost of repairs.

It's unclear why the damp in the playroom wasn't discovered when the original drying works were carried out. LV says it doesn't think the required works in the playroom worsened due to the delay in discovery. In any event, LV appears to have settled this part of Mr B's claim.

However, I understand there was an unpleasant smell of damp in the property, and it was frustrating for Mr B when his concerns about the damp weren't acknowledged. So, I've taken this into account when considering fair compensation for distress and inconvenience.

Appointment of surveyor

Mr B says there was a two month delay in LV appointing a surveyor and feels he should be compensated for this. He says he repeatedly asked for a surveyor, but his request was refused.

LV says it wasn't deemed necessary to appoint a surveyor early on in the claim. However, once it was apparent that there were queries over the scope of work and the stance taken by Mr B and his own loss assessor, it appointed a surveyor to ensure it could determine if there were other areas of damage which were related to the claim.

I think it might have been helpful if a surveyor had been appointed a bit earlier in the process. I don't think this is likely to have made much of a difference to the overall progress of the claim. But I think appointing the surveyor earlier would likely have resolved some of issues regarding the scope of work sooner. So, I've considered the impact of this on Mr B in my award for distress and inconvenience.

Extent of damage to sub-floors

Mr B says damage to the sub-floor in the kitchen, utility and hallway was identified when his builders began the reinstatement works to the property. He says he notified LV's loss adjusters straight away, but no one was able to view it from their side for five days and when they did come round, they stated the evidence was insufficient.

LV says there was no evidence to show that the sub-floor had been damaged by the escape of water incident and its position was prejudiced because the flooring had been removed prior to inspection.

Mr B says that when the surveyor visited five days after he reported the damage, he confirmed the likely cause of residual water in the hallway was from the original escape of water incident. He says the surveyor said the hallway was likely to have suffered similarly to the playroom, given the similar sub-floor construct. Mr B says that since then the surveyor's professional judgement appears to have been withdrawn in the statement issued by LV.

I can see Mrs B sent LV's loss adjuster an email on 12 November 2021 saying she'd tried to call him to inform him that once the builders lifted the floor panels from downstairs in the kitchen large pools of water were uncovered.

The surveyor visited the property on 16 November 2021. The purpose of his visit appears to have been to inspect underneath the floor of the bathroom, rather than inspect the sub-floor downstairs.

In an email to LV's loss adjuster the surveyor Mr B has referred to says:

"At the time of our last inspection, the floors had already been stripped out which meant we couldn't undertake an inspection to confirm the extent of reported timber decay. On this basis, it is not possible to advise if the floor required replacing. The Policyholder reported standing in water on the solum however, at the time of our inspection this was dry. Whilst we cannot conclusively confirm the extent of decay to the joists or indeed, if there was any decay, it is on the balance of probability unlikely that the floor required wholesale replacement due to the escape of water."

The surveyor also said that during the visit he'd been advised of Mr B's intention to replace the timber suspended floor with a ground bearing slab. He said the builder also commented this was required as the existing kitchen extension, which had a ground bearing slab, was preventing cross ventilation of the timber floor which was a separate issue.

The surveyor said photographs Mr B had provided showing the floor partially stripped out with no evidence to suggest the presence of any decaying timber. He also commented that when he first visited the property and the floor was in-situ and covered with the ceramic tile floor finish, the floor felt solid underfoot with no 'springiness' to suggest the joists were inadequately supported or suffering from decay.

LV says staining of the timber doesn't necessarily indicate rot and a suitable solution may have been to allow the timbers to dry. Even if rot had been present, a suitable solution may have been to replace any affected timbers.

I appreciate Mr B feels that LV should have accepted there was damage to the sub-floor in the hallway, kitchen and utility room as it accepted there was damage in the playroom. However, the surveyor has commented that the circumstances regarding the playroom were different. LV was also given the opportunity to inspect the damage to the playroom and make recommendations for repair.

Mr B has provided an estimate for the cost of removal and reinstatement of the ground floor, but this doesn't show this work was necessary to bring the property back to its pre-loss condition.

I appreciate that Mr B didn't want to delay progressing the reinstatement works by waiting for LV's surveyor or loss adjuster to inspect the floor. However, the photographs he's provided show the floor after it had been stripped. I haven't seen anything to show the pooling of water he's described or any evidence of decaying joists. While LV was informed of the issue a few days before the visit, I'm not persuaded that it was given adequate opportunity to review the damage and make a recommendation for any repairs that might have been required. So, I don't think it was unreasonable for LV to decline this part of Mr B's claim.

Alternative Accommodation

The policy's terms and conditions say:

“If your home becomes uninhabitable following loss or damage covered under Buildings, we’ll pay up to £50,000 during the period of insurance for:

- the extra cost of similar alternative accommodation for you, your family and your domestic pets; or*
- loss of any unrecoverable rent;*
- the reasonable storage costs for the duration of the repairs.”*

I understand that the escape of water event left Mr B and his family without the use of a kitchen. However, aside from this, there’s nothing to suggest that the property was uninhabitable prior to the commencement of the reinstatement work.

Mr B and his family were away on holiday at the time of the insured event. I can see they were provided with a temporary kitchen to be used on their return. They had use of this until the end of January 2021. It was agreed that Mr B would be paid a daily living allowance following the removal of the temporary kitchen. It looks like these costs were paid until November 2021.

LV also covered the costs of Mr B and his family’s alternative accommodation for around three months while works were being carried out.

Mr B has complained that LV threatened to remove the temporary kitchen several times. I can see that the loss adjuster told Mr B that the oven and hob were safe to use, which Mr B disputed. Following this it was decided that a new oven and hob should be installed in Mr B’s kitchen so the temporary kitchen should be taken away. After Mr B complained about this, LV agreed to extend the provision of the temporary kitchen.

From what I understand, it wasn’t appropriate to install a hob and oven in the kitchen as there was no lighting, no vent, smoke alarm and there were missing/damaged sections of the ceiling.

In an email to Mr B from August 2020 the loss adjuster commented that it wouldn’t be ideal to use the hob given the lack of an extractor fan to remove fumes. So, I don’t think it was reasonable for LV to decide that Mr B should be given an oven and hob instead of the replacement kitchen.

It looks like LV extended the use of the temporary kitchen several times before finally agreeing for it to remain until the end of January 2021. Mr B says it was a worry that it might be taken away leaving him and his family with no cooking facilities. So, I’ve taken this into account when deciding my award for distress and inconvenience.

Mr B has also complained that his daily living allowance was unfairly terminated.

I understand that LV agreed to pay Mr B a daily living allowance up to the end of July 2021 after he informed it that building works were due to start at the beginning of August. It didn’t initially agree to extend this when Mr B told LV that the commencement of works would be delayed until November 2021. However, it later agreed to pay Mr B a daily living allowance up to the date the work started.

I appreciate it was frustrating for Mr B when LV didn’t initially agree to provide the allowance up to the start date of the works. It seems that LV thought the delay was because of the other works Mr B was arranging to be carried out on his property, aside from the insured works. Mr B had said this was due to a delay in building material, but it was unclear what material was delayed.

In an email Mr B sent LV's loss adjuster in March 2021, he said he'd placed a deposit with the kitchen supplier and the current delivery window was in late May / early June. In October 2021, he forwarded an email from the kitchen supplier confirming the fit date of November 2021 to the loss adjuster. This doesn't show whether or not there was a delay in supplying the kitchen items.

Regardless of what caused the delay, LV has paid Mr B the daily living allowance up to the commencement of the work. And I think this was reasonable.

Mr B has asked that LV pay him an additional four week's daily allowance because of the additional damage that was discovered when the work started. However, I've explained why I don't think LV is liable for the additional work to replace the sub-floor. So, I don't think it needs to pay Mr B a daily allowance for any extra time the property was uninhabitable as a result of this.

Distress and inconvenience

Mr B says he's experienced distress and inconvenience for three years and it has affected his mental health. He believes his son failed his 11 plus exam because of the stress caused by this whole episode.

I appreciate that Mr B and his family experienced disruption over a long period of time and Mr B has put a lot of time and effort into dealing with his claim and complaint. However, this was a complex claim which was also affected by a number of other factors. It wouldn't be fair for me to tell LV to compensate Mr B for distress arising from the escape of water event itself. Nor would it be fair for me to tell it to compensate Mr B for delays that it wasn't responsible for.

I understand LV agreed to a cash settlement because Mr B also wanted works to be carried out that weren't part of the claim. Mr B arranged for his own contractors to carry out the work. I acknowledge that delays in the commencement of the work were delayed by a number of factors outside of Mr B's control. It appears to have been impacted by the pandemic, a shortage of building supplies and the availability of his chosen contractor. However, these factors were also outside of LVs control.

Mr B has expressed concern that the final settlement from LV was much higher than its original offer. There appear to have been several reasons for this, including the discovery of further damage and LV agreeing to an uplift to take into account an increase in the price of material and labour.

I appreciate Mr B spent a lot of time corresponding with LV to try to negotiate an increase in the cash settlement. However, it's usual for an insurer to want to validate costs before agreeing a cash settlement to ensure that it only pays for repairs that are covered by the claim.

I can see there were certain elements of the claim that LV's loss adjuster didn't agree to at first that LV later decided to cover. I think some of these aspects might have been resolved sooner if LV had appointed a surveyor earlier. And I think LV's communication with Mr B could have been better at times. I also think that Mr B was caused some unnecessary worry and inconvenience when LV said it intended to remove the temporary kitchen facility.

It would only be fair for me to award compensation for matters LV is responsible for that have resulted in distress and inconvenience above what might reasonably be expected for a claim of this nature. LV has agreed to pay Mr B £400 for distress and inconvenience. This is in the range of what our service would typically award where a business's actions have

caused a consumer considerable distress, upset and worry and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. Having considered everything, I think £400 fairly recognises the impact of LV's service failings on Mr B. So, while I appreciate this will be disappointing for Mr B, I'm not persuaded to award compensation above the amount LV has agreed to pay.

Putting things right

LV should pay Mr B £400 for distress and inconvenience.

My final decision

For the reasons I've explained, I uphold Mr B's complaint and direct Liverpool Victoria Insurance Company Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 23 February 2024.

Anne Muscroft
Ombudsman