

The complaint

Mrs M complains that Liverpool Victoria Insurance Company Limited (LV) has unfairly increased the price of her home insurance policy. She's also unhappy because LV didn't agree to pay a claim on her associated legal expenses insurance cover.

What happened

The background to this complaint is well-known to both parties. So I've simply set out a summary of what I think are the key events.

Mrs M holds a home insurance policy, which includes legal expenses insurance cover.

In November 2022, Mrs M made a theft claim on her home insurance policy. She was unhappy with the way LV had handled her claim. So she made a claim on the legal expenses insurance policy to allow her to bring legal action against LV and its contractor.

But LV turned down Mrs M's legal expenses claim. It said the policy specifically excluded claims made against it or its agents.

In September 2023, LV sent Mrs M a policy renewal invitation. This showed that her annual policy premium was due to increase from around £435 to around £980.

Mrs M was very unhappy both with LV's decision to turn down her legal expenses claim and with the increase in her premium. She also felt that LV hadn't given her an option to switch to paying her premium by direct debit, rather than taking the full premium from her card. So she asked us to look into her complaint.

Our investigator didn't think Mrs M's complaint should be upheld. She thought the policy terms made it clear that the legal expenses policy wouldn't cover legal action against LV. And she explained that we're not able to tell LV how it should assess risk or what price it should charge to cover that risk. She'd considered the evidence LV had provided and was satisfied it had shown it had calculated Mrs M's price fairly.

Mrs M disagreed and so the complaint's 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, whilst I'm sorry to disappoint Mrs M, I don't think LV has treated her unfairly and I'll explain why.

First, it's important that I make the parameters of this decision clear. I am only considering whether it was fair for LV to turn down Mrs M's legal expenses claim and whether I think it's shown it calculated her policy premium fairly. I understand Mrs M is unhappy with the actions LV and its supplier in their handling of her theft claim. However, that complaint has already been decided separately by another ombudsman at this service. And Mrs M has also let us

know that she's unhappy about the way LV has recorded notification-only entries on her claims history. It's open to her to ask us to consider a new complaint about that particular issue. So I won't be considering either the handling of Mrs M's theft claim or the recording of her claims history within this decision.

Was it fair for LV to turn down Mrs M's legal expenses claim?

The relevant regulator's rules say insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. So I've considered, amongst other things, the terms of the policy and the circumstances of Mrs M's claim, to decide whether I think LV treated her fairly.

It's clear Mrs M feels strongly about the way that LV has handled her claim and that she'd like to pursue legal action against it. However, the terms of the legal expenses contract say:

'Certain types of claim are not covered under this insurance

We will not pay for:

- *Claims made against us or our agents'*

In my view, the policy terms make it clear that LV's legal expenses policy won't pay claims which are intended to be used to bring legal action against it, or agents working on its behalf. This isn't an unusual term in legal expenses insurance policies of this type. Given it appears that Mrs M does want to use the policy to take legal proceedings against LV, I don't think it was unfair for LV to conclude that her legal expenses claim wasn't covered.

The policy premium

It might be helpful if I explain how we look at complaints like Mrs M's. We don't generally tell insurers how they should calculate risk or what price they can charge to cover that risk. LV's entitled to decide whether or not it wants to offer insurance cover for a particular risk (in this case, claims relating to Mrs M's home). And if it does, what price it needs to charge for that. This means that LV will have assessed the risk of Mrs M needing to make a claim when she first took out the policy and then at each yearly renewal afterwards. If it thinks the risk has gone up (for example, because the risk-profile has increased or because general insurance claim costs have gone up), then it may need to put up the premium.

So in complaints like Mrs M's, what I look at are the factors the insurer has applied to calculate the premium and whether I think it's done so fairly. This is so I can be satisfied that Mrs M has been treated in the same way as any other LV customer in similar circumstances and hasn't been singled out in any way.

It's clear that at the 2023 renewal, Mrs M's premium increased significantly. So I can understand why she's worried that LV may not have treated her reasonably.

LV has provided me with commercially sensitive, underwriting information to show how Mrs M's renewal price in 2023 was calculated. I'm afraid that I'm unable to share this information with Mrs M, although I can understand why she might wish to see it. I hope it reassures Mrs M though to know that I have considered all of this evidence carefully.

What I am able to tell Mrs M are the main reasons for the price increase. It seems there have been policy-wide increases in price due to inflation and rising costs. LV partly attributes these rises to the more frequent storms which have been affecting the UK. But the largest

component part of the increase was caused by the claim Mrs M unfortunately needed to make in 2022.

I'd add too that I'm satisfied that LV gave Mrs M clear information about the price of the policy and her right to shop around in the renewal documents. While Mrs M says a broker told her she wouldn't be able to get a competitive price elsewhere due to the ongoing claim, ultimately it was open to her to look elsewhere for alternative cover if she'd wished to do so.

Overall, based on what I've seen, I'm satisfied LV treated Mrs M in the same way it would any other policyholder who held the same policy in similar circumstances to her own. So I can't reasonably say it's treated Mrs M unfairly or singled her out in any way.

Collection of payment

Mrs M is unhappy that LV didn't change her premium payment method to direct debit, rather than collecting the full policy premium from her card. While LV didn't specifically address this point, it was considered by our investigator. For completeness then, I've thought about this point too.

I've looked closely at Mrs M renewal documentation which was sent to her on 21 September 2023. The letter placed at the front of the renewal pack said:

'We'll take your Visa payment from (Mrs M's card) on 20 October 2023. If you'd like to change how you pay or want to opt out of automatic renewal, you can do so online at LV.com/renew or by phone. You can do this up to 4 working days before your cover is due to end (A working day is classed as Monday to Friday, excluding bank holidays).'

If you're unable to make changes online, or if you need to make any other changes, you can still call us on... (My emphasis added).

I think LV's renewal documents clearly explained that Mrs M did have the option to change how she paid for the policy. And it set out a list of ways she could do so, up to four working days before her 2022-23 policy ended. But Mrs M didn't get in touch with LV in time to make changes. As such, I don't think I could fairly find that LV didn't provide Mrs M with the chance to change the way she paid her premium.

Summary

Overall, I'm very sorry to disappoint Mrs M and I know she'll be upset by my findings. But I simply don't find that LV has done anything wrong which it needs to put right.

My final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 28 February 2024.

Lisa Barham
Ombudsman