

The complaint

Mr and Mrs D have complained about the way Liverpool Victoria Insurance Company Limited (LV) handled a claim under their home insurance policy.

References to LV in this decision include its agents and contractor.

What happened

Mr and Mrs D made a claim in December 2022 for damage after a burst pipe in their loft caused extensive damage to their home.

The history of the claim is well known to both parties. So I won't recount it here in too much detail. Mr and Mrs D were living in the damp property for two months until repairs started. Then they moved into a hotel for about five months.

They complained to LV about the way their claim was handled. The main issues they were unhappy about were as follows:

- Six week delay in drying the property and starting repairs.
- Poor communication and management of the claim.
- Damage caused to their home and possessions by LV's contractor, including damaged loft joists, laminate flooring, doors, light switches, fridge freezer, banister and floor tiles.
- Leaving the property unsecured on three occasions, including leaving the front door wide open when the contractor left the property for the day.
- The contractor's employee being asleep in a van on their drive when he was supposed to be working.
- Poor quality workmanship such as installing kitchen cupboards upside down and tiling half a wall with a different colour tiles.

In April 2023 LV accepted that there'd been a lack of communication on various occasions. It said it would discuss with the contractor about the sleeping workman. It apologised and paid Mr and Mrs D £350 compensation.

In May 2023 after further incidents LV appointed a new project manager and promised to address matters. In June the contractor stopped work despite the fact that the repairs weren't finished. LV agreed to arrange for an independent assessor to inspect the property. After a delay of three weeks work restarted but Mr and Mrs D were still not satisfied with the quality of the workmanship. In July Mr and Mrs D told LV that they didn't want the contractor to carry out any more work at their home.

Mr and Mrs D say they finished most of the repairs themselves with the help of friends and relatives. They provided credit card statements to LV showing payments made to various DIY stores and LV made a number of payments to them.

Mr and Mrs D brought their complaint to this service. Our Investigator thought the £350 compensation offered by LV for the period up to April 2023 was fair and reasonable given the circumstances. She recommended that LV should pay a further £500 compensation for

the period from April to August 2023. She also said LV should confirm to Mr and Mrs D what the recent payments were for and what it had accepted in respect of the quality of the repairs so that Mr and Mrs D could see whether anything was still in dispute.

LV accepted our Investigator's view. As Mr and Mrs D didn't agree, the matter has been referred to me.

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.

Now that the repairs have been completed, I believe the main issue that remains is the amount of compensation LV should pay Mr and Mrs D for the trouble and upset it caused them by the way it handled the claim. So I'll focus on that. When looking at complaints of this nature I don't analyse each and every delay and failing by the financial business and/or allocate a certain amount of money to them individually. Instead I look at the overall way the claim has been handled and the effect this had on the consumer.

Awards of compensation aren't intended to fine or punish a business – that's the job of the regulator. All insurance claims of this nature come with a level of inconvenience and trouble attached to them. Some more than others. But when this service considers how much compensation to award, we're looking at the extent to which the insurer has caused trouble and upset for the consumer above and beyond that which we'd normally expect to see associated with a claim of this type.

In this case I'm satisfied the claim could have been handled better. Mr and Mrs D had to deal with a range of issues including work that wasn't completed to a good standard by LV's contractor, additional damage to their home and contents caused by the contractor and inappropriate behaviour on site. Mr and Mrs D also regularly had to chase for progress on the claim and extensions to the hotel bookings. This was undoubtedly very stressful for them and I note that at one point Mr D's blood pressure was said to be dangerously high due to stress.

The issues with the works meant that Mr and Mrs D had to stay in a hotel for three months longer than originally estimated and due to a breakdown in the relationship with the contractor they ended up using their annual leave to finish the work themselves.

Although I understand Mr and Mrs D may well be disappointed by this, I think a total award of £850 is fair and reasonable. It is also in line with what we award in similar circumstances where the impact of a business's failings has caused considerable distress, upset and disruption that needs a lot of extra effort to resolve over a period of several months.

If LV hasn't already done so, I agree it should inform Mr and Mrs D what the payments it's made to them relate to and whether it disputes any of the costs they have claimed for.

My final decision

For the reasons set out above, I uphold this complaint and require Liverpool Victoria Insurance Company Limited to:

- pay Mr and Mrs D a further £500 compensation for the trouble and upset it caused them;
- inform Mr and Mrs D what the payments it's made to them relate to and whether it disputes any of the costs they have claimed for.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs D to accept or reject my decision before 1 May 2024.

Elizabeth Grant
Ombudsman