

## The complaint

Mr A's complaint is about a claim he made on his Liverpool Victoria Insurance Company Limited ('LV') property owners insurance policy.

Mr A says LV treated him unfairly.

## What happened

In August 2018 Mr A notified LV of a claim for subsidence to his property, which was tenanted. LV appointed a loss adjuster to manage the claim accordingly. Several site visits were arranged and took place.

In December 2019 Mr A's tenants told him they were going to reduce the rent they were paying him by £200 as a result of the subsidence, which had yet to be remedied.

When Mr A made a claim on the policy for the reduction in rent claimed by his tenants from December 2019, LV declined this on the basis that the loss of rents claim could only run up to 12 months from the date of loss and Mr A had claimed outside this period.

Mr A says LV's position to turn down the loss of rents claim is unfair. He says that he isn't responsible for the time it took for his claim to be resolved and remedied (which took place in 2023) and that he has lost out as a result of LV's actions.

Our investigator considered Mr A's complaint and concluded that it should be upheld. She thought that the loss Mr A had suffered was as a direct result of the time LV had taken to resolve the subsidence claim and had LV done so sooner, Mr A would not have suffered a loss. She said LV should assess the loss of rents claim across the full indemnity period offered by the policy as well as pay Mr A £200 in compensation for the inconvenience caused.

LV don't agree so they matter has been passed to me to determine.

## 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 uphold Mr A's complaint for broadly the same reasons set out by the investigator.

The starting point is the policy terms. Under the loss of rent section they say:

*"in the event of damage to the property used by the insured for the purposes of the business carried on by the insured at the premises during the period of insurance from the insured perils under section 1 resulting in loss of rent receivable the insurer will indemnify the insured in respect of the amount of loss of rent receivable provided that: (a) such damage is covered under section 1 of this policy and that liability should be admitted or payment made*

*therefore...*"

The indemnity period for loss of rent receivable is 12 months with the sum insured being 30% of the buildings sum insured under the policy. LV's position is that the 12 months runs from the date of loss, so in this case that would be the date Mr A notified the claim for subsidence. As such they say Mr A isn't entitled to claim loss of rents after August 2019 and as Mr A's claim runs from December 2019, this isn't something they can consider.

I've thought about what LV have said in the context of the claim as a whole. I appreciate that subsidence claims, by their very nature can be lengthy. However, looking at the claim as a whole, it looks like it took LV around five years to resolve this claim from start to finish. So, I've thought about the claim Mr A has made in the context of that. In their response to the investigator's view, LV seem to accept that it took them too long to resolve Mr A's subsidence claim. As such they agreed to pay him £200 for the inconvenience this would have caused him. But that doesn't in my view go far enough to compensate him for his losses. From what I can see Mr A appears to have suffered a loss by way of a reduction in the rent paid to him by his tenants because the property was not in the condition it previously was as a result of the subsidence. And whilst it wasn't uninhabitable, I don't think it's unreasonable for a current or prospective tenant to have sought a rent reduction to reflect the conditions in which they'd be living.

The purpose of this policy was to provide rent protection for 12 months in the event that an insurable loss occurred. The subsidence was an insurable loss. And whilst the intention of the policy might have been for the loss of rent claim to run from the loss itself, I don't think this properly reflects the situation Mr A found himself in given the time it took LV to resolve his subsidence claim. As such I agree with the investigator that the fair and reasonable thing for LV to do is step outside their policy terms in this case and consider Mr A's claim for a reduction in rent for a period of 12 months as a result of the time it took them to resolve his claim as well as pay the £200 in compensation they've already agreed to.

I appreciate LV don't agree that they should have to step outside the policy terms in this way. But I think it's fair for them to do so in this case as £200 on a standalone basis is not adequate compensation for the loss Mr A has suffered given the considerable time it took LV to resolve his subsidence claim. In reaching this decision I've taken into account that the loss Mr A is claiming is for a reduction in rent and not a full loss of rent claim. So, the value of the claim itself is in any event more limited and the amount being claimed is not directly relevant to the property being uninhabitable but rather in poor condition for a prolonged period.

### **Putting things right**

LV should:

- Pay Mr A's claim under the loss or rent section of the policy and treat it as though the indemnity period runs from the first date of the sum claimed for loss of rents, up to a period of 12 months.
- Pay Mr A £200 on for the inconvenience caused as a result of his claim being rejected.

### **My final decision**

I uphold Mr A's complaint against Liverpool Victoria Insurance Company Limited and direct them to put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 22 July 2024.

Lale Hussein-Venn  
**Ombudsman**