

## **The complaint**

Miss M complains Liverpool Victoria Insurance Company Limited (LV) handled her landlord insurance claim poorly.

LV used an agent to deal with parts of the claim. For simplicity I've referred to the agent's actions as being LV's own.

## **What happened**

Miss M rents out a property. In late 2022 it was damaged by an escape of water from a flat above. The ceiling in the property's only bathroom collapsed. There was various damage to the room and its facilities. There was also some damage to a utility room.

Miss M claimed against her LV landlord insurance policy. LV accepted the claim. After some back and forth over the following months it was agreed the claim for the bathroom would be cash settled with Miss M arranging her own contractor. Tenants remained in the property at first but moved out in early January 2023. Miss M's letting agent considered the condition of the property made it unmarketable until repairs were complete. So it remained unlet until repairs were close to completion in Spring 2023.

During the claim Miss M raised various complaints about LV's handling of the claim. These included concern at delay, its claim coordination and communication. She was unsatisfied with aspects of the settlement it was offering – including the scope of works and loss of rent. LV considered her concerns and a revised settlement for repairs was agreed. It didn't agree to increase its loss of rent payment. LV accepted it was responsible for some delay - paying Miss M a total of £600 compensation in recognition. It also paid her £450 to reflect the cost of cleaning the property on various occasions.

Not satisfied with LV's response to her complaint Miss M referred it to the Financial Ombudsman Service. She raised a wide range of concerns. The key one being the amount of loss of rent paid. She said the property was unlet for months because of the loss and LV's poor claims handling. As a resolution she would like it to pay her additional loss of rent.

Our Investigator felt LV had already settled the loss of rent claim fairly and in line with the policy terms. He considered LV to be responsible for some delay and poor communication. But overall he was satisfied LV had already done enough to put things right - by paying Miss M £600 compensation plus other amounts to recognise inconvenience experienced by the tenants and her when cleaning the property. As she didn't accept that outcome, the complaint was 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.

As this is an informal service I'm not going to respond here to every complaint point or piece of evidence Miss M and LV have provided. Instead I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted.

As part of her overall complaint about claims handling and delay Miss M raised concern at LV's settlement process. I've considered her comments and LV's records. I'm satisfied it made reasonable requests for information to validate her claim. Some items were contested. Many were ultimately covered. Some weren't.

Unfortunately it's common, in a claim of this nature, for some back and forth and negotiation on settlement. It's not unusual for there to be disagreement over the extent of claim related damage, necessary repairs and the standard of items to be replaced. That doesn't necessarily mean the insurer is being unreasonable. And I haven't seen anything to make me think LV's approach in this case was unfair or unreasonable. Generally it reviewed Miss M's requests and asked for reasonable supporting evidence.

In June 2023, after repairs were complete, LV responded to Miss M's request for reimbursement for various items. It agreed to some, but not all. A settlement total of £6,410 was agreed by Miss M. However, she's raised as part of this complaint her continued dissatisfaction at a few items not being covered – including a shower and bath panels.

I haven't considered these items as part of this complaint. I note Miss M said she only agreed to the June 2023 settlement as she was tired of the process. However, LV appears to have reasonably assumed she was now satisfied with the settlement. So it seems it didn't consider her concerns about the various items when formally reviewing and responding to her complaint in August 2023. Until it's had an opportunity to fully respond it wouldn't be appropriate for me to consider if it settled these items fairly.

A key focus of Miss M's complaint has been the amount paid by LV to cover her loss of rent. She was without rental income for around three months. However, LV covered only ten days. I've first considered if that was in line with the terms of Miss M's policy. This provides loss of rent for the period her property is uninhabitable following loss or damage covered by the buildings section of her policy. That section includes cover for loss or damage caused by escape of water – the peril LV accepted Miss M's claim against.

The ten-day payment is based on the time it considered the property would be 'uninhabitable' due to strip out and reinstatement of the bathroom facilities. Miss M wasn't receiving rent for a longer period. But LV said the property wasn't 'uninhabitable' for the remaining period – instead it was 'unmarketable'.

I'd generally consider a property uninhabitable if there's no kitchen, bathroom or toilet facilities – or if it's unsafe to live in. I wouldn't usually agree that a property being inconvenient or undesirable to live in means it's uninhabitable.

I've considered Miss M's comments and a few photos she provided. But I haven't seen enough to persuade me the bathroom, or other key facility, was unusable for more than ten days. That seems a reasonable period for the bathroom to be stripped out and reinstated.

It may have been inconvenient or disagreeable to use for longer. And I accept its condition will have made it unattractive to new tenants. But that isn't the same as being uninhabitable. So, based on what I've seen, I'm satisfied LV paid a loss of rent settlement in line with the terms of the policy.

Miss M said LV's poor claims handling delayed reinstatement of the property, its relet and so lost her rental income. So I've considered if it should, outside of the policy terms and because of any failures, cover any additional loss of rental income.

I've considered Miss M's comments on LV's handling of the claim. I've also looked at its claim notes, record and comments. I'm not going to set out a detailed timeline or discussion here. Instead I'll just summarise my thoughts.

I accept LV made some mistakes and caused some avoidable delay at points during the claim – for example it didn't pick up some damage during its initial survey. However, there were other delays it wasn't responsible for or that were avoidable. Unfortunately claims of this nature, particularly when a policyholder wishes to use their contractor, can involve back and forth for verification. LV considers some delay resulted from Miss M failing to provide it with requested information in an appropriate format.

Overall I'm satisfied, from the timeline and notes, that LV generally reviewed and progressed matters in a reasonably timely manner. I'm not persuaded it was responsible for delaying progress to such an extent that it can be fairly said to have held up a relet by any significant time.

So I'm not persuaded poor claims handling by LV caused the relet to be delayed longer than necessary. So I'm going to require it to cover any additional loss of rent.

I've considered Miss M's comments about LV's overall claims handling – including its communications and coordination. I recognise she was very frustrated by her experience of the claim. I accept LV was responsible for some avoidable delay and unnecessary distress and inconvenience. However, I'm satisfied its already paid her enough compensation to recognise the impact of its mistakes. So I'm not going to require it to pay any further compensation.

### **My final decision**

For the reasons given above, I don't require Liverpool Victoria Insurance Company Limited to cover any additional loss of rent or to do anything differently.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 6 December 2024.

Daniel Martin  
**Ombudsman**