

The complaint

Ms A and Mr C complain about Liverpool Victoria Insurance Company Limited (“LV”) and the handling of the claim they made on their home insurance policy following an escape of water.

Mr C has acted as the main representative during the claim and complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, by either Ms A or Mr C as “Mr C” throughout the decision where appropriate.

What happened

The claim and complaint circumstances are well known to both parties. So, I don’t intend to list them chronologically in order. But to summarise, Mr C held a home insurance policy underwritten by LV when he discovered an escape of water in his home. So, he contacted LV to make a claim for the damages this escape of water caused.

LV instructed a loss adjustor, who I’ll refer to as “S”, to manage the claim on their behalf. But S and any contractor they appointed were acting as agents of LV and so, LV remain ultimately responsible for their actions.

LV cash settled Mr C’s claim. But Mr C was unhappy with several elements of the service LV provided and so, he raised a complaint. His issues included, but were not limited to, the length of time the claim took to process, the amount he needed to engage with the claim process and the language used by LV and their agents about fraudulent activity. So, to recognise his concerns, Mr C wanted to be compensated a substantial amount to recognise the time and effort he had put into ensuring the settlement of the claim.

LV responded to Mr C’s complaint and upheld it. They felt the claim had been handled and progressed well once S were appointed. But they accepted there were delays at the beginning of the claim due to resource issues. So, they paid Ms A and Mr C £200 to recognise the distress and inconvenience this caused. Mr C remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and upheld it in part. They recognised it was accepted there were delays at the start of the claim process. And they felt LV could’ve done more to proactively progress the claim, taking ownership of the process, which would’ve prevented Mr C from the need to engage as extensively as he did. But they also noted that in a claim of this nature, it is expected that a customer will need to engage with the claim process and that some distress and inconvenience will be caused, through no fault of LV.

Nor did they think LV’s language surrounding fraudulent activity was unreasonable, or personally attacking towards Ms A and Mr C. So, our investigator recommended LV increase their compensatory payment from £200 to £400, which our investigator felt brought the compensation paid to Ms A and Mr C in line with our services approach.

Mr C didn’t agree, providing several comments setting out why. These included, and are not limited to, Mr C’s belief that LV were profiting from the work he completed engaging with the

claim, which he felt would've been charged for by a claim assessor at a much higher amount than the £3,000 he was seeking. Mr C reiterated his belief that without his involvement, he and Ms A would've been left at a financial loss. And that the language used by LV was unreasonable, whether or not it was used to fall in line with industry regulator guidelines. So, Mr C felt the total £400 wasn't enough to recognise the distress and inconvenience he and Ms A had suffered and he wanted this amount to be increased.

Our investigators view remained unchanged and so, as Mr C continued to disagree, the complaint has been passed to me for a decision.

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'm upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Before I explain why I've reached this decision, I think it would be useful for me to explain what I've been able to consider and more importantly, how. My decision focuses solely on the events that occurred before LV's complaint response letter dated 28 July 2023. This is because any events that occurred after this date would need to be raised separately with LV first, and addressed in another complaint response, in order to fall within our service's jurisdiction.

And when reaching my decision, I've done so in line with our service's approach which expects any decision I reach to be communicated with minimum formality. So, I won't be responding to every point made by either party. Instead, I've focused on the points I deem to be relevant, that remain in dispute.

In this situation, I note in LV's complaint response they accepted there were delays at the start of the claim process, paying Ms A and Mr C £200 to recognise this. And LV also accepted our investigator's recommendation for an increased award, to recognise LV's failure to act proactively during the claim process, which caused Mr A to engage with the process more than he may have needed to.

As LV accepted the investigators recommendation, I think it's reasonable for me to assume they have also accepted they acted unfairly regarding these issues. So, in line with our service's informal approach, I won't be discussing the merits of these complaint issues in further detail as I don't think they remain in dispute. Instead, I will discuss what I think LV should reasonably do to recognise their failings to put things right later within my decision.

I've then turned to the complaint issues with merits that remain in dispute. These centre around Mr C's concerns about the information provided to him about the alternative accommodation benefit and the language used by LV in relation to fraudulent activity.

I note Mr C has made it clear he feels the information LV provided regarding the alternative accommodation led to himself and Ms A returning home, as they didn't want an elongated stay in a hotel.

But I've seen an email sent to Mr C by S, acting on LV's behalf, where they explain clearly that *"By no means are we expecting you to be in the Travelodge for more than a few weeks while we source more appropriate accommodation"*. S then go on to confirm Mr C was able

to start looking for this accommodation, should he wish to do so. I also note LV have covered the alternative accommodation costs Mr C and Ms A did incur, including the initial night's stay at another hotel that Mr C and Ms A arranged themselves.

So, while I don't in any way intend to dispute Mr C and Ms A's testimony or their understanding at the time, I don't think I've seen evidence that persuades me LV acted unfairly regarding the alternative accommodation benefit, both in terms of the costs they covered or the information they provided about it. So, I don't think they need to do anything more regarding this complaint issue.

I've then thought about Mr C's comments regarding the language LV used relating to fraudulent activity. And again, I want to reassure Mr C I've thought carefully about how he and Ms A received the information LV provided, both on pre-recorded messaging and in scripts used by LV and their agents.

But I've seen no evidence to persuade me that the language LV used was directed personally to Mr C and Ms A. Or, that the language used by LV differed from the same messaging provided to other customers, in the same situation. So, while I do appreciate how some of the wording used may have been received in a way that created additional anxiety in an already difficult situation, I don't think I can say LV have acted unfairly when reiterating Ms A and Mr C's obligation to ensure the information they provide is correct as LV also have a duty to ensure Ms A and Mr C are reasonably aware of what they need to do.

And even if I found differently, I must make it clear that it's not the remit of our service to ask a business to alter or change processes that have been put in place through their own commercial decision making. And I think the messaging used in LV's recorded messaging and scripts fall within this. So, I don't think LV need to do anything more regarding this complaint issue.

As outlined earlier within my decision, I've then turned to what I think LV should do to put things right to reasonably recognise the impact caused by the avoidable delays they were responsible for and how their failure to act proactively increased the engagement needed from Mr C.

Putting things right

When thinking about what LV should do to put things right, any award or direction I make is intended to place Ms A and Mr C back in the position they would've been in, had LV acted fairly in the first place.

In this situation, had LV acted fairly, I think they would've progressed the claim more efficiently at the start of the process. Had they done so, this would have likely led to the claim being settled sooner. And had LV been more proactive during the claim process, for example in their search for dehumidifiers and in providing Mr C with regular updates as was agreed later in the process, I think it's reasonable for me to assume Mr C wouldn't have needed to spend as much time as he did chasing LV, and providing information he felt needed to be considered or corrected.

So, I do think Ms A and Mr C should be compensated for the distress and inconvenience they were caused by the above. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I note Mr C has set out why he thinks a payment of £3,000 is a fair one. And he's argued that this would be a lesser payment for LV to make than if LV had needed to pay a claims

assessor to engage with them on his behalf.

But crucially, our service does not calculate compensatory payments on an hourly rate basis. Nor do we look at a customer's engagement in a claim and consider what a professional would've charged to do the same work. So, while I want to reassure Mr C I've read through his comments explaining why he feels LV have profited from his involvement, I don't think this means LV should pay a compensatory amount similar to the one he is requesting.

I note our investigator recommended LV pay an additional £200 compensation, taking the total compensation amount to £400 in total. And having thought about this payment, I think it is a fair one that falls in line with our services approach and what I would've directed, had it not already been made.

I think it fairly reflects the fact there were avoidable delays at the start of the claim process, whilst also recognising that following S' instruction the claim progressed at a fair and reasonable rate for the majority of the time. And, that this ultimately led to Mr C being offered a cash settlement around three months after he initially made the claim, with it being paid shortly after Mr C chose to accept it. Considering the significance of the damage, and Mr C's choice to engage his own surveyor, I think this was a reasonable time frame overall, bar the initial two-week delay, and delays in finding a contractor to remove the asbestos.

I've also seen evidence that clearly shows Mr C was directly involved in the claim process and spent time and effort engaging with LV to progress his claim. And I think the additional £200 reflects the fact that some of this engagement could've been avoided, had LV been more proactive. But crucially, in claims of this nature, our service would expect there to be some distress and inconvenience caused to Ms A and Mr C, with some direct engagement required, through no fault of LV's. And when this is considered alongside Mr C's own decision to instruct a surveyor known to him to compile a scope of works, and how this resulted in Mr C needing to act as a point of contact between this surveyor and LV, I think the £200 additional payment is a fair one that fairly reflects LV's failures that were avoidable and within their control.

So, while I understand this may come as a disappointment to Ms A and Mr C, I'm directing LV to pay an additional £200, taking the total compensation awarded to £400.

Again, I want to reiterate to Ms A and Mr C that I have considered all the information and representations they have put forward, even if I haven't commented on them specifically. And I don't intend this decision to in any way detract from their lived experience, or their belief that the claim process ultimately progressed in a way that fell below their expectations. But for all the reasons outlined above, including our services well documented approach to compensatory awards, I think the additional £200 is a fair award on this occasion.

My final decision

For the reasons outlined above, I uphold Ms A and Mr C's complaint about Liverpool Victoria Insurance Company Limited and I direct them to take the following action:

- Pay Ms A and Mr C an additional £200, taking the total compensation paid to £400.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A and Mr c to accept or reject my decision before 12 November 2024.

Josh Haskey
Ombudsman