

The complaint

Mr D complains about how Liverpool Victoria Insurance Company Limited ["LV"] has handled a claim he's made on the legal expenses part of his motor insurance policy.

What happened

LV is the underwriter of the policy, i.e. it's the insurer. Part of this complaint concerns the actions of its agents for which LV has accepted responsibility. Any reference to LV includes the actions of its agents.

While the agent manages claims under the legal expenses ("LE") part of the policy, LV remains responsible for this complaint in its role as it's the underwriter of the policy.

The background to this complaint is well known to the parties so I've provided a summary here.

- Mr D has a motor insurance policy underwritten by LV which includes legal expenses cover. LV uses an agent to manage claims under this part of the policy.
- Mr D was involved in a collision and he made a claim under the LE part of the policy for his uninsured losses.
- He was unhappy with the progress on the claim and so he made a complaint to LV but he says it failed to respond and didn't make contact with him or provide him with timescales for dealing with the claim despite chasing it.
- LV issued a final response saying that it wasn't responsible for handling the LE part of the policy, so it had forwarded on Mr D's complaint to its agent to deal with.
- Mr D remained unhappy and raised a complaint with this Service, saying LV had washed its hands of his complaint and just passed it on to another firm.
- Our Investigator considered the evidence and explained an insurer is responsible for its agents and this Service would expect it to attempt to resolve issues that arise from an agent's actions or claims handling. In this case, Mr D had complained about the agents and she said LV had failed to take appropriate steps. She said LV should pay Mr D £100 for the distress and inconvenience it had caused him. LV asked an Ombudsman to make 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.

The relevant industry rules and guidance say insurers must deal with claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress; and not unreasonably reject a claim. They should also settle

claims promptly once settlement terms are agreed. I'll be keeping this in mind while considering this complaint together with what I consider to be fair and reasonable.

- In my decision, I have focused on the actions of LV and its agents as underwriters of the policy. I haven't considered the actions of the panel solicitors who've been responsible for handling the legal case for uninsured losses as this falls outside the remit of this Service.
- Mr D was unhappy with the panel solicitors and wrote to LV and subsequently called it but with no response. He complained formally to LV about its agent in September 2023 detailing poor claims handling – "maladministration" - but he didn't hear back from LV. He followed this up again with LV subsequently.
- From the evidence I've been given to consider, it seems LV didn't acknowledge Mr D's concerns about its agents until November 2023 and even then it just told him it wasn't responsible for responding to him and had forwarded his concerns onto its agent.
- LV is entitled to outsource its claims and complaint handling, but it's still ultimately responsible to its policyholders and to simply ignore a customer with concerns is not what we'd expect to see. At the least, Mr D should've been signposted to the agents as the correct business but this didn't happen until November 2023 after Mr D followed up his initial notification of concerns.
- It also wasn't until November 2023 that LV forwarded Mr D's concerns on to its agents to respond to. I've not seen any explanation for this delay and I'm not satisfied LV has acted as promptly as it should have done. Because of this poor service, Mr D felt LV had washed its hands of responsibility and he was being ignored by the various parties involved.
- I understand why this would cause Mr D distress and inconvenience so I will be directing LV to pay Mr D £100 in recognition of the impact on him.

My final decision

My final decision is that I uphold this complaint and direct Liverpool Victoria Insurance Company Limited to pay Mr D £100 for the shortcomings identified above.

Liverpool Victoria Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it Mr D accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 13 September 2024.

Paul Phillips
Ombudsman