

The complaint

Mr G is unhappy with the service provided by Liverpool Victoria Insurance Company Limited (LV) following a claim made on his home insurance policy.

LV is the underwriter of this policy. Part of this complaint concerns the actions of third parties instructed on the claim. LV has accepted that it is accountable for the actions of third parties instructed by it. In my decision, any reference to LV includes the actions of any third party instructed by LV during the course of Mr G's claim.

What happened

In December 2022 Mr G contacted LV to make a claim following an escape of water causing damage to parts of his property. The events following Mr G's claim are well known to both Mr G and LV. So I haven't repeated them in detail here. Mr G complained to LV about the delay in dealing with his claim, poor communication, and lack of updates over many months. LV recognised its service had been poor, and offered Mr G £250 in recognition of this.

Unhappy with LV's handling of his claim and LV's response, Mr G referred his complaint to this service for investigation. The Investigator found that the service provided by LV had been poor. The Investigator recommended LV pay Mr G a further £500, bringing total compensation to £750, in settlement of Mr G's complaint. LV accepted the Investigator's findings. Mr G didn't accept the Investigator's findings. As the complaint couldn't be resolved, it has been passed to me for 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.

Firstly, I note Mr G's comments about his personal circumstances, including his health, and challenges he has been dealing with. I'm empathetic to all that Mr G has explained, and I would like to thank Mr G for taking the time to share this information with me. As I understand this cannot be easy to share. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's not intended as any discourtesy to Mr G, but rather because I don't believe it has affected what I think is the right outcome.

It's evident that LV failed to manage Mr G's claim properly. The dispute now relates to what LV should do to put things right. I've considered what fair compensation should be for the poor customer service provided, including delays, when dealing with Mr G's claim.

I've considered what's happened, and the impact on Mr G given everything he's told us about his circumstances, alongside LV's offer of £750 for the trouble and upset caused. I've also considered our award bands and whether LV's offer is in line with our approach. And after careful consideration, I'm persuaded it is. I understand this will come as a disappointment to Mr G but I hope my findings go some way in explaining why I've reached this decision.

LV accept that more could've been done to progress Mr G's claim in good time. One of early causes of complaint for Mr G (and the primary driver of the escalation of his complaint for an ombudsman's decision) was the delay in LV making a payment for disturbance allowance. Despite Mr G chasing this several times with LV, it wasn't until May 2023 that this was fully addressed, and payment made to Mr G.

I have seen that between December 2022 and May 2023 Mr G sent numerous emails, many of which went unanswered, asking for updates on his claim. Specifically, Mr G questioned when he would receive payment for disturbance allowance. Mr G was living in his second home at the time, which he has described as being unsuitable for his family of five plus pets.

As a result of the claim not progressing, and disturbance allowance not being paid on time, Mr G's livelihood was severely impacted. I am persuaded by Mr G's compelling testimony about the impact on his health and day to day life as a result of not knowing when LV would authorise payment. This is something LV was made aware of, and ought to have acted on by progressing Mr G's claim more efficiently than it did.

Despite payment for disturbance allowance being agreed in May 2023, reinstatement work still hadn't been agreed by LV. I accept that claims like Mr G's can often take time because of the extent of damage and complexities involved. But several months passed without Mr G being kept properly informed about what was happening with his claim, and this was only done following numerous communications from Mr G. It wasn't until Mr G's complaint email in June 2023 that a site visit was scheduled to determine the scope of work for repairs. I've seen from this point on Mr G's claim progressed reasonably, with claim payments and disturbance allowance being confirmed and paid on time. Although this doesn't discount the many months of poor service experienced by Mr G before his complaint to LV.

I've considered what Mr G has explained about the impact on his health, and the stress of dealing with his claim. But claims like Mr G's, with the level of complexity and issues involved, can be stressful even when a business handles it the way we'd expect it too. And after careful consideration of Mr G's comments, it is fair to say that Mr G's concerns also stem from the stress and impact caused by the escape of water incident itself- rather than being caused solely by LV's poor handling of the claim.

Mr G says LV should pay additional disturbance allowance, equivalent to £125 a day (in comparison to the £55 a day offered to Mr G). Mr G has cited additional expenses incurred as a result of living in his second home- including the cost of travel of taking his three children to and from school, the second home being poorly furnished with basic facilities, and being without a full working kitchen when they moved in.

I have seen that in March 2023 LV discussed the option of Mr G moving to furnished accommodation. I can see why Mr G rejected this option- as his family were already settled in his second home. But given the extent of damage caused by the escape of water, I think a degree of discomfort and adjustment would've been required regardless of Mr G choosing to stay in his second home or rented accommodation. As LV offered Mr G the option to choose the option most suitable for him, I'm persuaded the offer of £55 for disturbance allowance is reasonable. Even if Mr G had moved to other accommodation, LV would still only be liable to pay for costs over and above Mr G's normal expenses.

I recognise what Mr G has shared about the impact on his personal life as a result of the delays in dealing with his claim, and being out of pocket for several months. But an incident like this can involve a degree of upset and frustration because of the very nature of what's happened. And although LV didn't handle the claim the way it should've, I still think Mr G would've been caused upset and stress because of the inconvenience of making an insurance claim, and not being in the comfort of his home while repairs were being

completed. Although upsetting, this is something LV isn't responsible for, and wouldn't be expected to pay additional compensation for.

Although I recognise and understand all that Mr G has explained about the impact on him, I'm also mindful about only directing LV to pay compensation for the impact on Mr G because of its failings on the claim. And I recognise that this is a finely balanced exercise. Because much of what Mr G went through during the period between December 2022 and July 2023 was as a result of what had happened in his home, and made worse by LV's poor handling of his claim. All things considered, including the disturbance allowance paid, and LV's offer of compensation of £750, I'm broadly satisfied that this amount is fair and reasonable and in line with our approach.

My final decision

For the reasons provided I uphold this complaint and direct Liverpool Victoria Insurance Company Limited to pay Mr G total compensation of £750. If any of this amount has already been paid Liverpool Victoria Insurance Company Limited is directed to pay the outstanding amount only.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 15 November 2024.

Neeta Karelia
Ombudsman