

The complaint

Mr and Mrs F have complained about their home contents insurer Liverpool Victoria Insurance Company Limited (LV) regarding its handling and settlement of their claim, made when a burglary occurred at their home.

LV used agents during the claim. LV is responsible for the actions of those agents. For ease of reading, I'll mainly only refer to LV.

What happened

Mr and Mrs F suffered a burglary at their home in August 2022. Jewellery was stolen and furniture was damaged. They made a claim and sent various information and details to LV.

LV determined what it would cost it to replace Mr and Mrs F's damaged sofa. It was noted that the damaged sofa was part of a matching set. LV said it would pay for 50% of the cost of replacing the undamaged parts. It said it would provide vouchers for its supplier worth £3,768. LV noted internally that would equate to a cash equivalent sum of £3,391. Mr F wasn't persuaded by the quality of goods offered by LV's supplier. In November 2022, he provided a photo of sofas he initially felt were like his. LV calculated that based on those sofas the cash sum it would pay was £3,349.90. But Mr F remained unhappy with that figure. In January 2023 Mr F said he no longer felt the photos he had sent were of like-for-like sofas. LV wasn't minded to revise its offer, no settlement was made to Mr and Mrs F.

Regarding the jewellery, LV noted that Mr and Mrs F had little evidence to show the items they had owned. There weren't any photos for the items and only a few receipts. But LV accepted a genuine claim had been made with items having been stolen, so it settled for many items, where their value was unsubstantiated, based on an 'entry level' sum. The settlement offered to Mr and Mrs F was £2,970 in supplier vouchers, with £510 offered in cash (for items the suppliers couldn't replace). Despite offering these amounts, LV didn't pay any settlement.

LV, in December 2022 and January 2023, having noted some evidence regarding a watch had been missed, carried out an internal review. This increased the settlement figure overall, but no further offer was made to Mr and Mrs F, and no settlement, not even for the sums LV accepted it was liable for, was paid.

Mr and Mrs F were unhappy. Not just about the settlement offers, but also the service provided. For example, at one stage they'd received an email which implied LV thought their claim was fraudulent – this was a great concern to them and had caused them to appoint a solicitor, incurring costs. They also felt the claim had taken far too long to progress.

Following Mr and Mrs F complaining to LV, it was May 2023 before it issued a final response letter. The final response letter maintained its settlement offers for furniture and jewellery were fair. Whilst the letter explained the settlement for furniture in detail, it didn't do the same for jewellery, and didn't even confirm what its final figure for jewellery was. The letter didn't reference the review triggered by evidence it had missed. LV said it accepted there had been some delays and that an error had occurred with an email that erroneously implied

fraud was a concern. LV did not apologise or offer any compensation. Mr and Mrs F, remaining unhappy, complained to the Financial Ombudsman Service.

Our Investigator felt the settlements had been offered fairly. But she felt there'd been some delays and poor service. For that she felt LV should pay £200 compensation. She wasn't minded to make an award for legal costs.

LV agreed to our Investigator's view. Following contact by Mr F, and further contact from our Investigator, LV also agreed to pay Mr and Mrs F £3,349.90 in settlement of the damaged furniture. This was paid in May 2024.

Regarding the jewellery element Mr and Mrs F maintained that LV's settlement offer had been unfair. They felt the £200 compensation wouldn't even cover the cost of additional phone calls they'd had to make. They also weren't happy that their legal costs weren't being reimbursed.

The complaint was referred to me for an Ombudsman's decision. I was also minded to uphold the complaint. But I felt LV should pay more compensation along with an increased settlement for the furniture and jewellery, plus interest. I wasn't minded though to require LV to reimburse Mr and Mrs F's legal fees. So I issued a provisional decision to share my views on the complaint, and what I felt was fair and reasonable redress, with both parties. I've included an excerpt here:

"Legal fees

I appreciate that Mr and Mrs F became worried when they saw the email which implied LV had concerns over their claim. I can understand them wanting to get advice. But they didn't just get advice, they instructed the solicitor to handle the claim for them. That isn't a cost which I'll usually find it fair to make an insurer reimburse. I appreciate that Mr and Mrs F were feeling worried and also unhappy about how the claim was progressing. But I don't see that the solicitor added worth to the enquiries, or spotted, for example, something material which Mr and Mrs F hadn't. So I'm not minded to make LV reimburse these costs.

Claim handling and delay

The email in question above was a settlement offer from LV. But it was sent as part of a chain, with the emails in the chain containing some proforma wording which the sender hadn't spotted or thought to remove. The sender has said they spotted this once the email was sent, and tried to recall it, but that didn't work – they then offered an explanation to Mr and Mrs F in a subsequent call. But I note it was a call Mr and Mrs F made – the sender, when attempting unsuccessfully to recall the email, could have sent a further email by way of explanation, but did not. Errors do happen, but this one was avoidable. It caused upset.

The claim needed assessment by different specialists – furniture and jewellery. But the claim for furniture wasn't forwarded to the correct specialist until the end of September 2022. This was about three weeks late. Again this seems to have been caused by human error – whether by LV not splitting the instruction up clearly, or by its agent not processing it properly so one element of the claim got overlooked, that was an avoidable delay. I think it was also frustrating for Mr and Mrs F when they found out about this.

I know that Mr and Mrs F sent detail to LV which was missed initially by it. It seems there may have been some technical issues with where documents were uploaded to. But it isn't fair that this affected Mr and Mrs F's claim. And even when they copied one document in particular to LV again, and even though it did find the original was on its system, it didn't apologise for that mix-up, or for that piece of evidence having been previously overlooked.

Further, whilst an internal review seems to have occurred, no explanation regarding this, or any change in outcome which it might have caused, seems to have been offered to Mr and Mrs F. Again LV's poor claim handling has caused them upset.

I'll take these points into account when I make a compensation award. I'll set out my compensation award at the end.

Furniture

It was November 2022 when LV had all of the detail it needed to determine the furniture claim. It's not entirely clear from the file, but I think an offer was put to Mr and Mrs F following LV considering the photos they'd submitted. It was only on 27 January 2023 that Mr F told LV he didn't want to rely on that evidence in settlement of the claim. I think he'd have been telling LV that three weeks earlier, but for its delay at the start of the claim.

LV though didn't really seem to respond to this – it doesn't seem to have clarified any offer to Mr and Mrs F – and it didn't act to make any payment to them. As I noted above, it was only after our Investigator's view that LV sent any settlement to Mr and Mrs F for the furniture. That was unfair of it – it knew it had liability to Mr and Mrs F for this loss, so it should have settled for it.

When, in January 2023, Mr F effectively withdrew the evidence he'd presented regarding the cost of the sofa, LV should have confirmed to him that, with no evidence that the sofa couldn't be replaced through its supplier on a like basis, Mr and Mrs F's choice was to accept the vouchers, or the cash equivalent. I don't think Mr and Mrs F would have been happy with the vouchers – so LV should have told them they could accept the cash equivalent and still complain. I don't see that it did that. And when it did send them cash – it did so based on the costs they had withdrawn. In my view, LV didn't act fairly in this respect and I can see that Mr and Mrs F have been caused frustration as a result.

I'll take that upset, including that caused by a delayed settlement, into account when making my compensation award. But I also think LV should make an additional payment to Mr and Mrs F of £41.10, which is the difference between their withdrawn costs (£3,349.90) and its cash equivalent sum (£3,391). With the former being paid in May 2024. I also think it should pay them a sum equivalent to interest on the sum of £3,391 from 6 January 2023 until the lower amount was paid in May 2024. With further interest being applied to the remaining sum of £41.10 from the date of the May payment until the additional sum is paid.

Jewellery

The offer of settlement for jewellery was put to Mr and Mrs F on 2 November 2022. No settlement was ever made.

There were 19 items of jewellery claimed for. Many did not have any evidence to support their ownership or value. Mr and Mrs F told LV they agreed with the settlement sums applied for 9 of the 19 items (items numbered 1, 2, 6, 7, 11, 12, 13, 18 and 19). The other ten remained in dispute (items numbered 3, 4, 5, 8, 9, 10, 14, 15, 16 and 17). Of those ten items I think there are two which LV settled unfairly. I'll deal with them first.

The two items I think LV has offered unfair settlements for were a pair of diamond and ruby earrings (the purchase price of which from 2016 was evidenced – #4 on the list), and a ladies watch (subject of the 'overlooked' evidence – #5 on the list). I'll explain my views on each below.

The earrings #4 – These cost Mr and Mrs F £139.00 in 2016. LV has offered exactly that sum in settlement via voucher. It hasn't shown any evidence that earrings bought for £139.00 in 2016 could be replaced via its supplier at that same price today, eight years later, or even that that was the case in 2022. And I think that is unlikely. So LV hasn't satisfied me that it's made a fair settlement to Mr and Mrs F in this respect. I've thought then about what is needed to put matters right.

I've briefly searched the internet today for '9ct diamond and ruby earrings'. The options returned show a very rough average of £400. I'm going to require LV to pay this sum to Mr and Mrs F. As it hadn't evidenced the value it had attributed via its suppliers was fair, I'm going to require it to pay £400 in cash to Mr and Mrs F to settle this item of their claim. I'm not going to require it to add interest to that sum because that sum is based on currently available replacement prices (albeit a very generalised, averaged figure).

The watch #5 – Mr and Mrs F sent evidence of the value of the watch – a valuation from a watch specialist – to LV in September 2022. Seemingly this was overlooked and only found in December 2022. Without considering the evidence LV said the voucher value for the watch would be £199.00, or £139.00 cash. When, in December 2022, LV reviewed the valuation evidence it had missed, it said, internally, that it would settle in cash for the watch – not by voucher, and it would pay £899.00 cash – it seemingly felt that was a fair replacement value, but it didn't explain why, not even internally.

I think LV's initial settlement offer for the watch was unfair – it had been made whilst overlooking key evidence. Whilst its review of the settlement sum doesn't seem to have been put to Mr and Mrs F, I've reviewed whether that would be a fair sum for it to now pay in settlement. I don't think it would.

The valuation – from a watch specialist – said that, in 2010, the specialist valued the watch at £850. LV hasn't shown why, twelve years later in 2022, it felt a similar watch could be purchased for just £50 more. I bear in mind that this was a gold watch. With the cost of gold having more than doubled in that time. So as LV hasn't satisfied me that the sum it has put forward (internally at least) was fair, I have to think about what would be fair to make it do to settle the claim for this item.

I could make a direction for LV to go and consider gold prices etc and make a revised offer to Mr and Mrs F. But I feel this claim has been going on too long to afford any further period of consideration. I've mentioned above how the gold price appears to have increased between 2010 and 2022. I took that detail from a gold price website. The same website shows that as of today, the price of gold, since 2010 has more than tripled. Of course the base price of gold doesn't necessarily directly track to the price of items made from gold. But I think it's fair to say that a gold watch valued in 2010 at £850 will cost significantly more than that to replace at today's prices. But I must also bear in mind that the cost of a replacement watch will vary depending upon its features and make – and those factors of Mr and Mrs F's watch are still unknown – they aren't detailed in the valuation. Having taken account of all of that, I think requiring LV to pay Mr and Mrs F £2,000 in settlement for their watch is fair and reasonable.

To be clear the sum of £2,000 is not an exact figure. It seems there is no way to know for sure what an exact like-for-like equivalent would be. Which means ascribing a price for LV to pay Mr and Mrs F will never be an exact science. But having taken everything into account, I do feel this is a fair sum. And given I've calculated this sum based, at least in part, on current gold prices, I won't require LV to add interest to this amount.

The remaining eight (of ten) disputed items – I'm satisfied that, in respect of these items, LV offered fair settlement. It wasn't unreasonable for it to expect some evidence of the value for

the items being claimed for. Where no evidence was provided, LV applied what it has referred to as 'entry level' sums – in other words a bottom end cost for a similar item. As, in these instances, LV can't be certain what a 'like-for-like' equivalent actually is, and Mr and Mrs F can't offer any more than their recollection of what the item was like, I don't think that was unfair of LV. LV should have made a settlement for these items, even though the sums were not agreed to by Mr and Mrs F. As they weren't agreed, cash should have been paid. If it had done that, they'd have had the sum, a sum they were reasonably entitled to, in their pocket. So LV should now pay for these items – £1,334.80 – plus interest. With interest added from the offer date of 2 November 2022 until settlement is made.

Nine agreed items – Of the nine agreed items on the loss list 7 had a total voucher sum of £1,268, with LV stating that numbers 13 and 18 required a cash settlement, totalling £130. There's no good reason why a voucher for this sum or the cash sum weren't paid to Mr and Mrs F when offered. LV should issue the voucher now and pay the cash sum – but with interest added, applied from 2 November 2022 until settlement is made.

Compensation

I've set out some specific claim handling failings of LV above. I've identified a claim delay regarding furniture. I've also highlighted that LV didn't pay claim settlements when it should have done. Also that some of its settlement sums were unfair. I'm satisfied the claim became unnecessarily prolonged. I think LV should pay £750 compensation to make up for all of the distress and inconvenience its failings caused Mr and Mrs F.

I know Mr F has mentioned whether compensation would equate to the cost of phone calls made. But compensation of this nature is paid to make up for non-financial loss. I appreciate that lots of calls were made, and I've factored the distress and inconvenience of this into my award above. I haven't seen any evidence to support that a financial loss in terms of the cost of calls occurred. If Mr and Mrs F want to present such, I'll consider it."

LV said it accepted my provisional decision. Mr and Mrs F said they were pleased with my decision, that the findings regarding furniture and jewellery were very welcome. But they asked that I review my findings about their legal fees. They said it was only after the solicitor's involvement that LV responded appropriately on the claim, ending what had been a period of no answers and tiring frustrations.

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 both parties have accepted my findings regarding claim settlements and compensation, I've no need to further review what I said in these respects.

Noting Mr and Mrs F's reply regarding legal fees, I have reviewed this issue. I accept that their claim journey with LV was frustrating, and I've found that it let them down in the way it handled matters. I note though that, prior to Mr and Mrs F appointing their solicitor, LV had made an offer to settle the claim, so I'm not persuaded that it was only the solicitor's involvement which prompted it to complete any appropriate claim action. Clearly, from what I've said provisionally, that settlement wasn't fair or reasonable. But a complaint in that respect, encompassing the frustrations caused by the poor claim handling, could have been made by Mr and Mrs F, at that time, without the need to appoint a solicitor. I remain of the view that it would not be fair or reasonable for me to require LV to cover any of the legal fees incurred by Mr and Mrs F.

Having reviewed the responses to my provisional decision, my view on the complaint has not changed. As such, my provisional findings, along with my comments here, are now the findings of this, my final decision.

Putting things right

I require LV to pay Mr and Mrs F:

- £41.10 as an additional settlement for the furniture.
- An amount equivalent to interest* applied on the sum of £3,391 from 6 January 2023 until it paid £3,349.90 in May 2024.
- An amount equivalent to interest* applicable on the sum of £41.10 from the date £3,349.90 was paid in May 2024 until settlement is made.
- £400 to settle the claim for the earrings (#4).
- £2,000 to settle the claim for the watch (#5).
- £1,334.80 in settlement for the eight items (of ten) which were disputed. To that sum interest* should be applied from 2 November 2022 until settlement is made.
- £1,268 in the form of a voucher and £130 cash, in settlement for the nine agreed items, both plus interest* applied from 2 November 2022 until settlement is made.
- £750 compensation for distress and inconvenience.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require LV to take off tax from this interest. If asked, it must give Mr and Mrs F a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require Liverpool Victoria Insurance Company Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F and Mr F to accept or reject my decision before 19 September 2024.

Fiona Robinson
Ombudsman