

## **The complaint**

Mrs R complains that Liverpool Victoria Insurance Company Limited (LV) has failed to fairly settle a claim made on her landlord's insurance policy.

## **What happened**

Mrs R's property was damaged following an escape of water and LV and its appointed contractors undertook the drying and repair works. For ease of reference, I'll refer collectively to the actions of LV and its agents as LV's actions throughout my decision.

Following the repair works completed in July 2022 Mrs R needed to contact LV to arrange for the contractor to return and put right a few issues. It was highlighted the shower had been installed too high and debris and damage was caused to the bath with this not being left clean as it should be.

In November 2022, Mrs R contacted LV again to notify it of concerns raised by the tenant in the property with a wall in the main living area. There were concerns about the previous repairs and whether these had been completed using the right materials and questions over the level of workmanship used, with visible damage showing.

An initial repair of the damage was completed in December 2022 where the affected wall was sanded down and redecorated. Following this, the issue of bubbled paint returned and LV said it needed to investigate the damage with a more invasive assessment of the wall to determine what was causing the issue. Mrs R didn't think it was fair to go to a more disruptive investigation which could cause more issues for her tenant and asked for a non-invasive assessment to be completed. It took a number of months before a response was provided to Mrs R on her concerns or for details to be provided about the next steps.

On 7 May 2023, Mrs R said she had lost faith in LV and its contractors. No further work had been completed following the failed attempt to rectify the damage in December 2022 despite a number of email chasers being sent across the first months of 2023. She asked at this point if LV could consider her own contractors' scope of works to repair the damage.

LV agreed and appointed a contractor to complete an assessment which identified a leak with a faulty tap and supply pipe in June 2023 and it accepted this could be linked to the previous escape of water repair not being completed correctly. After this point, Mrs R did not allow LV's contractors to re-attend the property and make further attempts to repair the damage.

Mrs R complained to LV about the delays in this being offered and it sent a final response in June 2023 apologising for the delays and added inconvenience. It made a payment of £200 to Mrs R which was accepted by her mother who had been assisting with the claim on behalf of Mrs R.

Mrs R still questioned the repair works needed and cost of this and LV made a final offer to cash settle Mrs R's claim in October 2023. It said it felt the cost of the repair works to it would be £2233.17 and it was willing to consider an additional payment for the tenant for

alternative accommodation for 5 nights with a daily food allowance added of £12.50 per day. With this added to the costs of the repair works, its total offer was £2967.67.

Mrs R doesn't think this offer is fair. She has received three quotes all between £5030 and £6,200 plus VAT for the repair works to be completed. And these schedules of work indicate the anticipated repair time to be 10 working days. She feels as LV has failed to identify and repair the fault with its previous work, it isn't fair for it to only pay what it would cost it to put things right, as she thinks it is unreasonable to continue to allow its contractors to be appointed.

Our investigator looked at this complaint and felt it was fair and reasonable for LV to cover the repair costs of the independent contractors Mrs R had provided using the lowest of these costs as the fair cost for it to pay. They said although the policy allowed LV to offer a cash settlement in line with what it might cost it to complete the repairs, the circumstances of this claim meant this was an unreasonable approach to take.

The investigator highlighted that LV had been given the opportunity to assess and repair the damage to Mrs R's property but this had been unsuccessful. And this with the accompanying delays which took place, meant they felt Mrs R was fair to say she had lost faith in the contractor and ask for the work to be completed by her own trades.

The investigator said they felt the alternative accommodation costs offered by LV were fair and didn't think this needed to be increased to 10 days. This was based on the work needed being unlikely to make the property uninhabitable for the duration of the work.

Mrs R accepted the investigators proposed outcome.

LV did not and said it didn't think it was fair to say it had been given the opportunity to attempt to put right the errors with the initial repair works. The sanding down and redecoration of the area was not attempted to repair the leak as this wasn't known to be present at the time and it was unreasonable for it not to be able to attempt to make good this damage when it was later identified.

Our investigator's opinion remained unchanged and the complaint has been referred 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.

I've decided to uphold this complaint. I appreciate LV will be disappointed by this, but I'll explain why I've reached this outcome.

As our investigator said, the terms and conditions of Mrs R's policy do set out that LV can do the following when settling a claim.

*"If we can offer a repair or replacement through one of our suppliers and you choose not to have the item repaired or replaced, we will not pay more than the amount we would have paid our supplier"*

LV has said its supplier is willing to complete the work at Mrs R's property and because of this, it doesn't think it needs to pay more with a cash settlement than what it would cost if for the repair to be completed. The policy sets out it is entitled to do this, but I don't think on the circumstances of this claim, this is a fair and reasonable approach to take.

LV and its contractor were notified of a concern with the property in November 2022 and the first course of action taken was to redecorate the area showing damage. This was opted for instead of looking to determine whether there was a more significant underlying issue with the wall.

Soon after the initial repair was completed, Mrs R notified LV that the problem had continued and she was told at the end of January 2023 that an invasive investigation would be needed to determine the cause of the issue. Mrs R didn't want this to be the first option as the property had tenants in situ and this would result in further inconvenience. She asked on 1 February 2023 what the proposed scope of works was and time frame for this.

Mrs R did not receive an update on this until May 2023, despite a number of chasers with her setting out at this point she had lost confidence in the ability of LV and its contractors to return and make good the work to her property. I don't think she has been unreasonable here or that it can be said she wasn't looking for LV to complete the work prior to this. But when her requests for assistance had gone unanswered for a number of months, after the initial attempt at repair had failed soon after being completed, she acted fairly saying her faith in LV had been lost.

LV was able to identify after this point that the damage was likely the result of a fault with the workmanship. This with the concerns Mrs R already had, means I don't think she has been unreasonable when saying she does not want LV's contractor to attend the property again and attempt to repair the damage. So I think it is fair and reasonable to cover the costs Mrs R will incur in having the damage put right at her property with her own contractor.

The quotes Mrs R has provided may now be out of date and it might be these need to be redone. But I think it is fair to expect that LV covers the cost of the work to Mrs R, based on the cost of the lowest quote provided. And I would expect it to cover this cost on receipt of an invoice from Mrs R to show this has been paid.

I agree that the impact of this work will be disruptive, but that the property will likely still be habitable during the reinstatement process. With this in mind, the offer to cover 5 days alternative accommodation costs and disturbance allowance totalling £734.50 is fair and reasonable and I don't see any reason to ask LV to increase this.

The delays which resulted in the lack of confidence with this claim were dealt with by LV in its final response on 15 June 2023. It offered £200 to recognise the impact of these delays. As I've set out, there was a delay of over four months before Mrs R had any update on her claim and next steps. This didn't have an impact on the rental income for the property but has added inconvenience to the management of it and the claim which could have been avoided. I think this is arguably causing significant inconvenience and it is right this is recognised.

I think it is fair and reasonable, that together with settling this claim, as I've set out above, LV should pay Mrs R an additional £100 for the inconvenience added.

### **My final decision**

For the reasons I've explained above, I uphold Mrs R's complaint and LV should take the steps set out to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 27 November 2024.

Thomas Brissenden  
**Ombudsman**