

The complaint

Mr W has complained about the way Liverpool Victoria Insurance Company Limited (LV) handled an escape of water (EOW) claim he made under his home and buildings insurance policy which he shares with Mrs W.

All reference to LV in my decision includes its agents.

What happened

In February 2023 Mr W reported a leak in his home to his insurer LV. The source of the leak was detected as coming from a shower drain pipe on the ground floor. Mr W provided LV with a copy of an invoice from January 2023 for works to remove and replace a defective shower waste fitting.

There is a stud wall between the downstairs bathroom and the kitchen. Mr W claimed for damage to both rooms. Following a visit by a Surveyor in March 2023, LV accepted the claim and Mr W accepted a cash settlement in April 2023. It was agreed that if during strip out works, further damage was identified, Mr W would let LV know and a Surveyor would attend again to consider any further incident related damage.

Further damage to the floors, kitchen units and stud wall was discovered during strip out works and so Mr W contacted LV. A Surveyor attended for a follow up visit in June 2023 – and offered a further cash settlement. The Surveyor discovered there was additional unrelated renovation works being done to the property.

Mr W said the second cash settlement wasn't anywhere near enough to cover the additional incident related damage. He complained to LV in August 2023. In summary he says clear evidence to support his claim for incident related damage has been provided. In particular, he disagrees with LV that the stud wall between the bathroom and kitchen didn't require removal. Mr W says the lower part of the stud wall was rotten and it would have been impossible to replace the rotten subfloor without also removing and replacing the stud wall as it wouldn't have been supported. Mr W says as the stud wall needed removal, so did the kitchen units, worktops and wall tiles attached to it. Mr W said the lower part of the stud wall showed signs of moisture damage and could not have the original unit doors reinstalled as LV said. He said he showed evidence of the damaged stud wall to the Surveyor during the second visit.

Mr W was unhappy that LV had failed to offer alternative accommodation (AA), even though it was aware of the fact that Mr and Mrs W did not have access to their kitchen or bathroom while strip out and drying works took place. He said he had intended for them to move out for a period of three weeks, but due to the extent of the further damage identified during strip out works, this time extended to at least six weeks for the property to be dried out before works could continue.

Mr W is unhappy that LV asked Mr W to get an email from the kitchen supplier to confirm the units were no longer available to buy – only to tell him LV wouldn't meet the costs to replace the existing damaged units.

Mr W is unhappy with the way a call was handled between him and an agent at LV. He requested a copy of this call transcript but hadn't received it.

LV responded to Mr W's complaint in December 2023. It upheld part of Mr W's complaint. For the delay it had caused in responding to the complaint, it paid him £250 compensation.

LV asked Mr W to provide details of the renovation works. LV said it needed to review this to assess what works it was liable for and what works would have been necessary under the renovation works in any event.

Mr W asked us to look at his complaint.

Our Investigator explained that this service can only look at issues up to the date LV responded to Mr W's complaint. For anything that happened after that, if Mr W was unhappy, these are new issues which he first needs to complain about to LV so they have the opportunity to respond.

The Investigator thought LV had taken too long to request further information from Mr W to move the claim forward between August 2023 and December 2023. But she believed the compensation of £250 it had paid was fair and reasonable for this delay. She explained that it was for LV to consider the additional information provided by Mr W and reach a decision. But that any decision couldn't form part of her investigation, as this would be after the final response sent by LV in December 2023.

LV said it would comment on whether it should have provided AA once it reviewed the additional information, which the Investigator thought was reasonable. But she thought LV should pay some AA costs while there was no access to the full downstairs bathroom. She didn't agree with LV that Mr W and his family had access to another bathroom, as this was only a toilet W/C. Her recommendation was for LV to pay AA costs for the equivalent time it would reasonably take to reinstate a bathroom.

The Investigator also recommended LV pay a disturbance allowance for the period Mr W and his family had moved out to another property he owns to facilitate reinstatement repairs to the bathroom. She recommended this as the other property was eight miles away and there was inconvenience for Mr W and his family in extra travel to and from school, work and sporting activities for their children.

The Investigator didn't recommend Mr W be reimbursed for loss of rental income on the property as Mr W explained the property was in between lets at the time.

The Investigator thought the key call between LV's agent and Mr W had become unproductive, but didn't find the agent was rude. Although LV hadn't provided a copy of the call recording when first requested, it had provided it to Mr W within a month. In this call, Mr W told the agent the Surveyor hadn't told him during their second visit that Mr W's builder shouldn't have removed the stud wall. But the Investigator explained that even if the Surveyor hadn't made any comment – it wouldn't have changed the outcome. The fact was the stud wall had been removed prior to the Surveyor's second visit.

LV accepted the Investigator's view.

Mr W disagrees and wants us to look at the issues with the claim after LV issued its final response. He's unhappy that he has provided the information LV asked for, but it hasn't responded to him and his claim has been delayed further.

Mr W says he part owns the additional property with a relative and paid the relative £450 a month rent while staying there. So he wants this amount considered under the claim. He doesn't agree the compensation of £250 for the period of delay and poor service is enough.

I issued a provisional decision on 17 September 2024. I provisionally decided a different outcome.

Both parties responded. LV accepted my provisional decision.

Mr W provided further comments which I will address in my findings below.

I've set out what I wrote as my provisional findings here:

There's no dispute that there were existing plans for renovations to the home. However, building works for these plans hadn't started until after Mr W accepted the first cash settlement. This is evident by the fact they had not begun when LV's appointed Surveyor first visited the home in March 2023, when the claim was accepted, and scoped for the first set of repairs leading to the first cash settlement.

Mr W says he hadn't intended to start the renovation works yet – but due to the incident related damage, he then decided to go ahead with the renovation works which included areas not damaged by the EOW incident, given the upheaval of arranging for the incident related damage to be repaired.

The dispute between LV and Mr W arises from whether the additional damage identified during strip out works was caused by the same EOW claim – or from earlier separate damage not covered; in particular the removal and replacement of a sub floor and stud wall between the kitchen and bathroom. And whether Mr W's claim includes any non-incident related works.

I asked LV to provide its Surveyor reports and photos from both visits in order to understand how the decision was reached for the additional damage cash settlement. I cannot see adequate evidence to show that the Surveyor at the time properly considered what was incident and non-incident related damage – nor did they at the time provide an explanation in a report as to why they decided some damage Mr W claimed for was not part of the claim. I consider this to be a reasonable expectation in a surveyor report, dated and signed by the Surveyor who carried out the visit.

I have seen an undated word document which records basic information about what works were agreed by a Surveyor for both visits - along with a costed Scope of Works for the initial and additional damage. But there is no contemporaneous evidence to show the Surveyor considered some of the damage was caused by a separate incident outside of the claim Mr W made, which LV later said. From what I can see in the photos provided, there is evidence of rotting timber underneath the floor of the kitchen. I cannot see any photos of the downstairs bathroom area from the second visit. However, I've kept in mind that the source of the leak was from the bathroom shower area.

It's also possible that the bathroom floor wasn't available for viewing by the Surveyor. I can't speculate either way, but both parties can clarify this in response to my provisional decision.

Mr W says (and the drawings show) that the downstairs bathroom was being moved to an upstairs bathroom. The downstairs bathroom was being replaced with a stairway. He says he doesn't expect LV to meet the costs to replace the bathroom. But the flooring in the bathroom was damaged and the stud wall could not have stayed in place when the floor and sub floor supporting it required removal, with drying out for several weeks, and replacement.

When Mr W complained to LV in August 2023, he specifically mentioned the stud wall and he was unhappy that this part of the claim hadn't been considered. The pictures provided by the Surveyor from their second visit appear to show the replaced stud wall is in the same place as the previous one. But I cannot find any commentary on that from the Surveyor.

LV took over four months to respond to Mr W's complaint. As the Investigator explained, we cannot look at how a complaint has been handled as this isn't a regulated activity. The Financial Conduct Authority sets out what activities we can and cannot consider.

However, we can consider the delay in progressing Mr W's claim, which it's clear was impacted by the delay in LV asking Mr W for additional information, which I think it should have asked for much sooner. So I don't agree that the compensation award of £250 in this case is reasonable. Mr W's circumstances were that during strip out works, the extent of the damage was much worse and it's clear that Mr W was unhappy with the lack of support with AA and with the cash settlement offered. I don't think it reasonable for LV to have taken over

four months, given the situation Mr W was in, to ask for further information to progress his claim.

And in light of the lack of contemporaneous evidence provided by the Surveyor following the second visit in the form of their report, I can't say that LV properly considered Mr W's claim for additional damage in June 2023. While I cannot make a finding on the additional damage claim here – as it is for LV to consider this in light of Mr W's further information which he has provided – I can consider that the claim for additional damage wasn't properly addressed and therefore assessed during the second visit.

Even though there were renovation works beyond the incident related damage, I don't think this prevented the Surveyor from providing a more detailed report setting out what – and why- they reached the decision they did as to what was additional incident related damage in June 2023. As I've said, there is nothing in the word document provided or the photos to demonstrate that the Surveyor considered other damage was not incident related and caused by a separate event, which is something LV later said. I think this information should have been set out at the time under the report the Surveyor submitted in June 2023.

I agree that the agent's handling of the call in question could have been better. It clearly became unproductive around half way through when the discussion became repetitive and reached an impasse.

So – I think LV should increase the compensation it paid to Mr W from £250 to £550 for the unreasonable delay and failings in the service it provided.

If Mr W is unhappy with the way his claim has been handled since LV issued its final response in December 2023, he can raise a new complaint with LV. I understand Mr W is unhappy about having to do this as he says his concerns form part of the same complaint. But this service cannot look at issues beyond the date of the final response letter and so I cannot comment or make a finding about such issues in my decision here.

If Mr W remains unhappy with LV's response to any new complaints he may raise, he can contact us.

In summary, Mr W has responded to say he doesn't agree that he should have to raise a new complaint with LV. He disagrees with the period of time set to consider a claim for AA, and that the compensation award isn't enough. But he will accept the award if this isn't going to change.

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.

Mr W says his claim should be treated as one – and I agree. I haven't seen sufficient evidence to show any reason why LV shouldn't.

Mr W has provided us with photos as further evidence to support his claim for an increase in the second cash payment LV made. Mr W has reiterated his view about LV's handling of his claim overall. I appreciate Mr W's strength of feeling here. But as I've previously explained, I cannot consider all the issues Mr W wants me to in this decision. What I've been able to consider is LV's delay in asking for further information from Mr W which it didn't do until December 2023. As explained, if Mr W is unhappy with the way LV has dealt with his claim since its final response issued in December 2023, he needs to raise this as a new complaint with LV first. And if he is unhappy with its response, he can bring a new complaint to this service.

Mr W says his claim for AA should be considered for around 16 weeks – to take into account the kitchen damage as well as the bathroom. Mr W is free to provide LV with evidence of the

period he was in AA including the time for drying out works related to incident related damage for it to consider. My provisional decision set out that LV should consider a claim for AA for the equivalent time for reinstatement bathroom works. So for clarity, LV should take into account any drying time for incident related works here. But again, any drying out time in relation to Mr W's claim for additional kitchen damage forms part of the issues after December 2023.

I understand Mr W doesn't agree with the compensation award increase to £550. But the awards which we give are modest. I've awarded this sum in line with awards we give for similar circumstances – and in consideration of issues up to December 2023. So I haven't changed this amount from my provisional decision.

My final decision

My final decision is that I uphold this complaint and require Liverpool Victoria Insurance Company Limited to do the following:

- Consider a claim for AA for the equivalent time to reinstate Mr and Mrs W's bathroom, which would have been required under the claim irrespective of unrelated building works. This should include any drying out time if appropriate.
- Pay a disturbance allowance equivalent to £10 a day per adult and £5 a day per child for the same equivalent time.
- Increase the compensation it paid Mr W from £250 to £550 for the distress and inconvenience caused by LV's lack of progress and failings in its handling of the claim.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W and Mr W to accept or reject my decision before 6 November 2024.

Geraldine Newbold
Ombudsman