

## **The complaint**

Mrs B complains about delays in Liverpool Victoria Insurance Company Limited (LV) settling a claim she made on her home insurance policy.

Reference to LV includes its agents.

## **What happened**

Mrs B holds a home insurance policy with LV for Property A. When the property flooded following a burst pipe, she made a claim for the damage caused.

Mrs B complains about delays in settling that claim. She says she purchased Property A, with the intent of moving into it right away. She's said she's not been able to do that, and as a result has been paying for the mortgage and tax on Property A in addition to the mortgage, tax and utility bills on the property she intended to sell but hadn't at the time of claim – Property B. She says that as of November 2024 that's caused her a loss of roughly £52,000 which she thinks LV should pay her.

Mrs B also complains that the ongoing claim is affecting the price of her policy unfairly.

LV initially authorised a payment under the policy for alternative accommodation. It later said this was in error and that it would need to take the payment back. It then further changed its stance to say it wouldn't actively look to recover the money from Mrs B, but that it would offset any future payments on the claim against it. Finally, it agreed to pay Mrs B £1,600 per month from six months after the claim up to the point the repairs were completed, and she could move into the property. LV said the policy was priced in line with its underwriting criteria. It paid Mrs B £500 compensation for the trouble and upset caused by its poor handling of the claim.

Mrs B wasn't happy with this brought her complaint to this Service. She didn't think it was fair that LV only paid her six months after the claim – she said its assertion that it would take this long to sell Property B was unfounded. And she didn't think stopping the payment at the point she was able to move in was fair either because she'd still have to wait to sell the Property B.

One of our Investigators didn't think her complaint should be upheld. He thought what LV had offered in terms of payment was reasonable. He thought LV had shown the policy was fairly priced. And he thought LV's compensation of £500 fairly took into account the distress and inconvenience caused by the delays.

Mrs B didn't agree and asked for an Ombudsman's 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.

Having done so, I'm not upholding it. I'll explain why.

While I've read everything provided, in line with our Service's role, I'll not be commenting on every argument or piece of evidence. Rather, I'll focus on what I consider to be key to the dispute.

- They key thing in dispute here is whether LV is responsible for the losses Mrs B is claiming for. After looking at everything I've been provided I don't find that it is.
- Mrs B's policy with LV provides cover if her home "*becomes unfit to live in following loss or damage covered under*" the policy. The policy says it will pay up to £50,000 for: "*the cost of a similar property for you, your family and your domestic pets: or loss of rent; the reasonable storage costs for the time it takes to repair your home*".
- In this case, none of the above apply to Mrs B. She has an alternative property to live in, Property B (albeit I acknowledge she intended to sell it), she wasn't renting either property, nor has she shown any intention she was planning to rent them, and there's no need to pay storage costs for her belongings, because they're in Property B.
- Unfortunately for Mrs B, I'm not persuaded the policy needs to pay anything in relation to alternative accommodation. There's simply no cover for her unique situation of owning and paying for two properties.
- But simply because the policy provides no cover for Mrs B costs relating to owning two properties for longer than she intended, that doesn't mean LV isn't responsible for any costs. There's a distinction to be drawn between what the policy provides cover for, and losses caused by LV's actions, or inaction.
- So, even though Mrs B isn't covered for any associated costs of owning two properties for longer than she intended under the policy, if anything LV did or didn't do has caused her to suffer a loss, LV would need to put that right.
- I've looked at Mrs B's claimed losses and I'm not persuaded they're all caused by LV. I think at most, her loss is the interest paid on the mortgage for the house she intended to sell and the extra council tax. That's because these are the only costs she's been paying, that she wouldn't have been had she moved into the new property when she intended to. Importantly though, I think LV would at most, be responsible for these costs for the time the claim was unreasonably delayed, not the entire lifetime of the claim as she's claimed for.
- I also have to take into consideration that it wasn't LV's decision to own two properties, that was Mrs B's. Nor was it LV's decision to lend on two properties, that was her mortgage providers. LV also isn't responsible for the interest rate of the mortgage.
- I'm not persuaded utility bills are a loss caused by LV's handling of the claim, Mrs B would have always had to pay these – I can see she's only claimed them for Property B. But she wasn't living in Property A, hence the reason for not having costs here. Had she been able to move into property A, she'd have been paying utility bills, and I've not seen anything to show these would have been substantially less than the costs she's claiming for on Property B.
- Insurance claims take time and there are delays throughout this claim. But I have to take into account that LV has authorised a payment of £1,600 per calendar month up to the point Mrs B can move into property A. That's not a payment it needed to make under the policy, and from what I've been provided it goes beyond Mrs B's actual losses by some distance.

- I'm satisfied LV starting its payment six months after the claim is reasonable. There's no way of knowing when the property would have been sold. So, using the average for the neighbourhood seems reasonable.
- LV has paid Mrs B £1,600 per month from that point, to when she's able to move in. Looking at the list of "losses" she's provided, the largest monthly "loss" is roughly £1,700. That is the payment on the interest only mortgage on the property she'd have sold, plus the council tax on that property. But after eight months at roughly that, the cost decreases significantly due to Mrs B paying less on the mortgage. Her "losses" go down to £1,100. So, in effect there's been nine months where LV's payment doesn't cover her "loss" by roughly £100 (totalling £900). There's been six months up to August 2024 where LV's payment exceeds her "losses" by £500 (totalling £3,000). So overall, up to August 2024, LV has paid Mrs B £2,100 more than her claimed losses. I've not been provided any figures post August 2024.
- And crucially, the above is calculated on the basis that the claim should and could have been settled within six months. That's simply not the case. There have been clear delays as mentioned above, but these do not amount to 15 months. So, LV's payments far outweigh the losses Mrs B has claimed for.
- So, in summary, LV didn't need to pay anything under the policy relating to Mrs B owning two properties for longer than she intended. But it does need to compensate her for any costs incurred as a result of owning two properties for any period the claim is declined for. But I'm satisfied it's gone over and above that.
- I appreciate Mrs's argument that she'll still be paying for both properties after repairs are complete, until she can sell Property B. But I think that's a consequence of owning two properties - and having to make a claim for damage to one of them as opposed to a consequence of any error on LV's behalf.
- LV has also paid Mrs B £500 compensation for the distress and inconvenience throughout the claim. The issue surrounding the payment each month, while ultimately ending favourably for Mrs B, would have been distressing to go through. Thinking you were owed money, then to be told you need to pay it back, then to be told payments on your claim would be limited would be distressing for anyone. But I'm satisfied, in light of LV's payment each month, I'm satisfied this £500 is reasonable.
- Like our Investigator, I'm satisfied the policy has been priced at renewal in line with LV's underwriting criteria – so I'm satisfied she's been treated the same as anyone else in her circumstances would be. I appreciate what she's saying about other insurers not wanting to insure her, but that's ultimately their decision, not LV's.

### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 11 February 2025.

Joe Thornley  
**Ombudsman**