

## **The complaint**

Mr B complains that Liverpool Victoria Insurance Company Limited (LV) has treated him unfairly when handling a claim made on his motor insurance policy.

He feels LV has failed to progress the liability element of the claim as quickly as it could have and this has added to the distress and inconvenience he's experienced. He believes there are uninsured losses which should be recoverable from the car manufacturer. The delays have meant he's lost out when the claim hasn't been progressed with these costs sought.

## **What happened**

On 23 June 2023, Mr B's vehicle caught fire while parked at his home address. He notified LV of the loss and let it know that he'd received re-call letters from the vehicle manufacturer (Company A). One prior to the fire – which he'd acted on – and one shortly after.

Mr B believed the cause of the fire to be an underlying defect with the car that the manufacturer may have been aware of and he felt it was fair LV pursued it to recover both the insured costs its paid to Mr B and to provide cover for losses not covered by the policy.

LV settled Mr B's claim for the total loss of his car on 11 August 2023.

An initial engineer's inspection was completed in July 2023 and a report provided in early August 2023. LV shared this with Company A and asked it to accept liability for the claim. It also provided details of the previous re-call letters sent to Mr B to demonstrate why it felt Company A was responsible.

Company A highlighted that the report didn't confirm if the battery (an item highlighted as being in concern in relation to the manufacturer re-call) was the cause of the fire. It said a joint forensic survey was the best way forward to allow it to determine whether an underlying fault was the cause of the fire.

LV and Company A had a number of emails back and forth about the forensic engineers report and this wasn't arranged until the end of 2023 and completed on 5 January 2024.

The report didn't conclude that the cause of the fire was likely to be because of the car battery. Instead, the opinion was provided that the delamination of the serpentine drive belt pulley, led to frictional heat from the metal and rubber elements of the damper pulley that are normally bonded together.

In December 2023, Mr B complained to LV about the progress of the claim and LV issued a final response on 29 and 30 January 2024.

LV said it was sorry for the time Mr B had spent chasing it for updates and any inconvenience caused. It made a payment of £100 in recognition of this. It also made a payment as a good will gesture to cover the cost of the vehicle tax Mr B had spent.

It explained that it believed Company A would accept liability for the claim and it had

instructed its solicitor to support Mr B with recovering his uninsured losses. But it couldn't continue with this until the liability is confirmed.

It said the engineers' reports would be reviewed and it would confirm its position on liability, but the claim had been recorded as "not at fault" at this point and as Mr B's no claims discount was protected, he's been able to retain this.

Our investigator looked at this complaint and didn't think LV had done enough to put things right. They felt the award should be increased to £350 in total. So it was fair and reasonable for LV to pay a further £250 to Mr B for how the claim was handled with added distress and inconvenience.

LV accepted the recommendation but Mr B did not. He feels the award amount is too low and a drop in the ocean to LV. He has continued to have issue since the complaint was brought to this Service and with him being significantly out of pocket for the damaged items both in and around the car from the fire, it wasn't enough to increase the award for distress and inconvenience only.

Our investigator explained their view and what they could consider was limited to the events before the final response of LV was issued. Any new concerns needed to be raised with it directly and if Mr B was unhappy with any future outcome, the complaint could be brought to us. But their opinion on the outcome of this complaint remained unchanged and Mr B asked for the complaint to be 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, but in line with our investigator's recommendation. I know this will be disappointing for Mr B, but I'll explain why I think an overall award of £350 for the added distress and inconvenience is fair.

It is important to clarify, as our investigator has, that I've only considered the actions of LV and how this claim was handled, from when it was notified of the loss, until it issued its final response on 30 January 2024. I appreciate Mr B has kept us updated with ongoing issues and new complaints have been raised, but the remit of my role is limited to the timeframe I've set out.

Our investigator set out, that the terms and conditions for Mr B's policy explain that LV, as the insurer, is ultimately entitled to deal with any claims as it sees fit. This includes deciding whether, based on the information provided, third parties should be pursued when there is a dispute over liability. This is not an unusual or uncommon term and LV is able to deal with the claim as it sees fit.

However, it needs to treat its customers fairly when doing this and ensure it has given reasonable consideration to the information available when making the decisions it does on liability.

The total loss element of this claim was settled relatively quickly. It is the ongoing dispute over the liability and whether LV feels it should continue to pursue any third party to recover the additional costs that Mr B has claimed, which is still ongoing.

Although delays are clearly evident within the timeline of events in relation to the liability concerns, LV has been in regular correspondence with Company A to progress the claim.

Things could have been better and I think it could have managed the expectations of Mr B better along this journey. But it is clear LV has been trying to ascertain whether Company A will accept liability for the claim and it has supported the position taken by Mr B that, based on the re-call letters, there is cause for concern.

When Company A didn't accept liability after being presented with the initial engineer's report, I think LV acted fairly by seeking to get a forensic engineer's report completed. It has demonstrated it is taking reasonable steps to determine whether it can show Company A to be liable for the damage.

This report could have been completed sooner with both sides agreeing to this in late August 2023 and I don't think it was fair that Mr B had to wait until January 2024 for this to happen. And at the point the final response was issued, LV still hadn't confirmed whether it had enough to determine liability. But as I've explained before, ultimately LV is entitled to make this decision and whether to pursue the liability claim against any other person and seek to claim damages .

It is clear the impact of this claim has been significant on Mr B. It will naturally be difficult to draw a distinction between the distress of the claim event and the distress added by the claim handling. And there will always be a level of inconvenience associated with a claim of this nature which needs to be thought about. When considering an award for distress and inconvenience, my role is to think about the distress and inconvenience added beyond what is reasonable to expect.

In this case, Mr B has highlighted from early on, how keen he is for this claim to be progressed so he can understand if the other losses he has suffered will be recovered. He has chased for updates regularly and despite LV making efforts to progress the claim, delays have been added which has added to the distress experienced.

Our investigator recommended that LV make a payment of £350 in total to Mr B to recognise this distress and I agree this is a fair and reasonable amount, inline with this Services award bands. I appreciate Mr B feels this is a drop in the ocean to LV, but the award is not made to be punitive to it. Instead, it is to reflect the distress and inconvenience which has gone beyond what is reasonable to expect and be inline with our approach to these awards, which this is.

### **Putting things right**

For the reasons I've explained above, I uphold Mr B's complaint and LV will need to do the following to put things right:

Pay Mr B £350 in total for the distress and inconvenience added with the handling of this claim from when it was notified of the loss, until its final response was issued on 30 January 2024.

It has already paid £100 so will need to now pay the additional £250.

### **My final decision**

For the reasons I've explained above, I uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 May 2025.

Thomas Brissenden  
**Ombudsman**