

The complaint

Mrs H complains about the way Liverpool Victoria Insurance Company Limited handled a claim she made on her home insurance policy for damage caused by subsidence.

When the claim was initially made, there was a joint policyholder on the policy, Mr H. Sadly in 2022 Mr H passed away, meaning the policy transferred to Mrs H as sole policyholder. As the main correspondent throughout for the claim and complaint, I've largely only referred to Mrs H throughout this decision.

What happened

The background to this claim and complaint is well known to both parties so below is only a brief summary of key events.

In 2018 LV accepted a claim for subsidence damage to Mrs H's property. The cause was found to be vegetation which was removed. There were some delays due to government restrictions resulting from the covid-19 pandemic but at the end of 2020, Mr and Mrs H went into alternative accommodation (AA) to allow repairs on the property to start. In March 2022 Mr H passed away and in May 2022 Mrs H returned to the property. She made a complaint about delays in the claim, poor workmanship that had been undertaken at the property and the stress this had had on both her and Mr H before his death.

LV responded to the complaint with a complaint final response letter on 5 October 2023. It accepted there had been failings and said it wouldn't list everything, but acknowledged the following:

- Mrs H was initially advised the repairs would take two months, but this ultimately extended for 18 months
- Avoidable delays
- Delay in receiving payments for invoices after frequently chasing
- Inability to maintain the garden
- Storage suppliers tried to return the items to the risk address, but this wasn't extended until a complaint was logged.
- When the items were returned, the company did not put them back into the attic.
- Mrs H was asked to return home before the driveway was completed.
- Poor workmanship which led to the extension of the AA
- Lack of continuity, efficiency & communication

LV offered £2,000 to reflect the unnecessary distress and inconvenience this had caused. Unsatisfied with LV's response, Mrs H brought her complaint to the Financial Ombudsman Service for an independent review. She said as well as distress and inconvenience caused, she'd also incurred medical expenses as a result of LV's failures. She also said she'd had to pay for carers to assist her husband whilst she had to deal with issues caused by LV's poor delays. She asked for all of these costs to be reimbursed.

Ultimately our Investigator recommended LV pay a total of £4,000 compensation for the unnecessary distress and inconvenience caused to Mrs H and Mr H, until his death. They also thought LV should reimburse £692 as half the caring costs Mrs H had presented (for carers for the late Mr H). Our Investigator was satisfied it was likely some of those costs

were only incurred as a result of Mrs H needing to deal with issues at the property, when she'd otherwise be carrying out that carer's role. Our Investigator didn't ultimately recommend LV contribute towards Mrs H's medical costs.

Mrs H said she'd accept this outcome, LV didn't. It said it had never been asked to provide compensation to a deceased person. It also said £2,000 is a reasonable level of compensation and that care costs aren't covered under the policy. In any event it said those costs were included in the compensation it had offered. It asked for an Ombudsman to consider matters and so the complaint has come to me to decide.

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.

Bearing in mind that LV accepts its handling was below what it expects, I've focussed my findings events which I consider are relevant to the compensation award.

When deciding on awards for distress and inconvenience, this Service has award bands which are published on our website. I accept that in offering £2,000, LV has already made an offer which is meant to recognise where a business' actions have caused sustained distress, potentially affecting someone's health which typically lasts over a year. This award band goes from £1,500 up to £5,000. However, an award of £2,000 is at the lower end of this band, and having considered the circumstances Mrs H has described, I'm satisfied this justifies a higher award in this category, so like our Investigator, I find LV should pay £4,000 total compensation.

Firstly, as a joint policyholder this Service can award for distress and inconvenience suffered by Mr H before his death. I've no doubt it would have been distressing for Mr H to have been away from his usual surroundings and the support that came with, as his health declined. And given LV's acceptance that the AA was extended by a lengthy amount by its errors, I think it's reasonable to conclude that Mr H being in AA for longer than he would have otherwise been likely did have a detrimental impact on him. Mrs H has said that given the location of the AA and the length of their stay, they'd needed to change GP surgery in order to assist Mr H, I've no doubt this would have also caused substantial worry in the circumstances.

Turning to Mrs H, it's clear she was put to much trouble and upset over LV's handling of matters, and this was sustained for more than a year, and continued after LV issued its final response letter of October 2023. She said she was particularly upset by LV's insistence she move back into the property in April 2022, shortly after the death of Mr H, despite the property not being finished and there being scaffolding and debris still on site, with repair works ongoing. She said whilst LV did then agree to extend her stay in AA to May 2022, it caused unnecessary distress at an already difficult time. I've no doubt that was the case and it could have been avoided had LV not delayed matters so significantly.

Mrs H says she was also left embarrassed by LV's admitted late rental payments, which happened on several occasions and left her in a difficult position with the owner of the AA. She's also set out that LV's delays in carrying out the mitigation works led to a decline in her relationship with a neighbour (who's vegetation needed to be removed as part of the claim). She said he was frustrated with LV's delays in carrying out the work, and its poor communication with him, and so became aggressive towards her. Mrs H has detailed the impact all of this had on her and her need to seek support for her emotional wellbeing due to the stress of the protracted nature of the claim, alongside caring for her husband.

All of these factors persuade me that an award for £4,000 is appropriate given the issues Mr and Mrs H faced and the impact they had on her. And as the policy has transferred to Mrs H and she's shown to be the beneficiary of Mr H's estate, I'm satisfied it is fair and reasonable for LV to pay this amount directly to her.

I'm also satisfied that LV should contribute to the caring costs claimed by Mrs H. LV says those costs aren't covered by the policy, but it should know this Service's longstanding approach is that it will need to pay compensation (outside of the policy terms) for consequential losses suffered as a result of its mistakes in handling a claim.

I'm persuaded by Mrs H's testimony that she needed to seek extra support from carers in order to allow her the space to deal with issues at the property, including visiting the site. I'm also persuaded that being outside of the village in which her and Mr H had lived for 25 years meant they'd lost support of their usual network, such that carers would have been needed to assist if she was unavailable.

So I'm satisfied it is fair for LV to contribute to this financial loss, separate to any award for distress and inconvenience. Our Investigator recommended LV pay half of the costs incurred, I think this was a reasonable award given that it's possible Mr H may still have needed some extra support even if LV hadn't caused the issues it did during the course of the claim. So, I find that LV should pay Mrs H £692 for the care costs. As this is money Mrs H has been unfairly without, LV will need to pay 8% interest on this amount. For ease I'll set out that this should be paid from March 2022, until the date of settlement.

My final decision

My final decision is that I uphold this complaint and require Liverpool Victoria Insurance Company Limited to pay Mrs H:

- £4,000 compensation for unnecessary distress and inconvenience caused, less any amount already paid (as I understand it, £2,000 has already been paid).
- £692 as a contribution to care costs incurred. Liverpool Victoria Insurance Company Limited will need to add 8% simple interest per annum onto this amount from March 2022, until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 8 January 2025.

Michelle Henderson
Ombudsman