

The complaint

Mr B complains that Liverpool Victoria Insurance Company Limited provided poor service in his claim for an escape of water.

What happened

Mr B held a buildings and contents policy with LV and in December 2022 he made a claim following an escape of water from a burst pipe in his loft.

Mr B was frustrated because LV were not progressing his claim and in January 2023, he appointed his own loss assessors. They complained about the delays caused by LV in drying out the property and progressing the claim, and on 4 July 2023 LV issued a final response on this complaint, awarding Mr B £150 for the distress and inconvenience caused.

The claim continued, but wasn't resolved in the timescale that Mr B had been led to believe and so in 2024 Mr B brought a further complaint to LV, on which they issued a final response on 22 July 2024. In this response, LV awarded a further £200 for the distress and inconvenience caused by further delays.

Mr B brought this second complaint to us, and one of our investigators looked into it. She thought LV could do more to put things right. She extended the period of disturbance allowance and recommended a further site visit to progress matters.

Mr B disagreed with our investigators view, and so the case has come to me to review.

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'm upholding Mr B's complaint along the same lines as the investigator, and I'll explain why.

I can see that this claim has taken a long time to resolve, and it has been the subject of a lot of correspondence back and forth between LV and Mr B's loss assessor.

There are always challenges with a claim of this nature, and some delays are inevitable. Whilst I accept this and I can see that in general there has been gradual movement, it appears that this could have been quicker, and there is some responsibility on both sides for this.

In terms of the scope of what I can look at, I have already issued a decision to Mr B which explains that I can't look at his first complaint for the period of the claim up until 4 July 2023 as he didn't bring his complaint to us within the time limits. So I am only able to consider the service and delays from 4 July 2023 until 22 July 2024.

I'm also aware that Mr B also complained to us about his own loss assessors and their part in the administration of his claim, and a decision has been made by this service to award him

£450 for the delays caused by them. So I'm only considering here any additional delays caused by LV in the period above, over and above any delays caused by the loss assessor.

For context, during the early part of this claim LV told Mr B that his claim would take around six months to resolve, and so he decided not to take up the offer of alternative accommodation and would stay with his girlfriend and parents. However, the claim has taken over 18 months at the point of the second final response issued by LV, and it was still not resolved. He was paid disturbance allowance of £12.50 per day as an alternative.

After the first complaint response in July 2023 I would have expected things to have progressed more quickly, and that all parties would work together to move the claim forwards. However, although it has moved, it has been slow and contentious. A joint site visit took place in July 2023 and because of a dispute in the costs between LV's loss adjuster and Mr B's loss assessor, a rescope was required. After the rescope, an offer was made to Mr B's loss assessors which was rejected, and so LV decided on 14 September to put the scope out for tender. This was sent on 28 September, with a return date of 16 October. The tender report was sent to LV on 23 October and a settlement offer was made to Mr B's loss assessors on 21 November for £58802.99 plus VAT based on the loss assessor's own contractor's quote.

This settlement in principle was accepted on 13 December 2023 and the responsibility passed to Mr B's loss assessors to oversee the commencement and completion of work. Mr B's disturbance allowance was extended to March 2024 to allow for the period of works. However, when strip out started, further electrical works were identified which halted works so the restoration work wasn't started and in July 2024 Mr B's loss assessors asked for disturbance allowance for a further three months.

Whilst I'm satisfied that from December 2023 the responsibility lay with Mr B's loss assessors to get the work completed, when the settlement was agreed it wasn't anticipated that further electrical works would be identified. Work was then stopped while negotiations were ongoing between LV and the loss assessor about what electrical work was peril related. I agree with the investigator that as additional time was therefore added to the time schedule for completing repairs, and the house wasn't habitable, additional disturbance allowance should be paid. I don't think this could have been anticipated and it isn't fair for LV to say that works should still have been completed by the end of February when they didn't make a revised offer for electrical work until much later than that.

I agree with the investigator that the disturbance allowance should be extended to 21 August 2024, but this is based on deciding the complaint as it stood up until 22 July 2024. If further delays occur which are attributable to LV, then this may need to be extended, and that will be for Mr B to take back to LV in the first instance.

In terms of general service issues, delays and distress and inconvenience, LV have accepted some delay and poor communication, and this has formed the basis of their £200 award. As I've said above, I think there is a general slow movement of the claim, with responsibility on both sides, but no long periods of avoidable delay. And so I'm satisfied that £200 adequately reflects this for the period between July 2023 and July 2024 given that Mr B has also received an award from his loss assessors for delays.

The investigator also recommended a further site visit and for LV to try and actively progress the outstanding issues regarding the electrics and the contents. I understand that some progress has been made, and the site visit took place but the claim remains ongoing. I would encourage LV to try and resolve this as soon as possible, and if Mr B remains unhappy with the settlement offer made, it is open to him to come back to this service on that point.

Putting things right

I think that LV should pay Mr B

- £200 for distress and inconvenience as set out in the final response letter.
- Pay a further disturbance allowance up until 21 August 2024. If this hasn't already been paid, LV should also now pay 8% interest on that payment from the date it was due until the date of settlement.
- Arrange to continue to progress the outstanding claim aspects (contents and electrics)

If LV considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr B how much it's taken off. It should also give Mr B a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My decision is that I'm upholding Mr B's complaint and directing Liverpool Victoria Insurance Limited to put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 23 December 2024.

Joanne Ward
Ombudsman