

The complaint

Mr and Mrs A have complained about the way Liverpool Victoria Insurance Company Limited (LV)'s settled a claim they made against their home buildings insurance policy.

What happened

In February 2023, a car driven by a third party (TP) damaged a wall to Mr and Mrs A's home.

Mr and Mrs A made a claim for the damaged wall to their insurer, LV. LV settled the claim. When LV looked to recover the claim costs from the third party insurer (TPI), they disputed part of the costs to repair the wall and through negotiation, paid part of the settlement LV requested. This meant that the claim wasn't recorded as a 'non fault' claim against Mr and Mrs A's policy – as not all of the costs were recovered from the TPI.

Mr and Mrs A were unhappy about the way LV settled the claim. They said the way the claim has been recorded means the claim has had a greater financial impact when paying in future for home insurance.

LV didn't uphold the complaint. It said the outcome would have been the same whether a full or partial recovery had been made. It said there were many factors behind the increase in the costs of their insurance at renewal.

Mr and Mrs A remained unhappy and asked us to look at their complaint. Our Investigator didn't recommend the complaint should be upheld.

Mr and Mrs A didn't agree and want an ombudsman 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.

LV, like most insurers, sets out the right it has to pursue and agree in Mr and Mrs A's name, any claim for damages or other costs. In other words, LV can make the decision to settle a claim in Mr and Mrs A's name in a way that they may not agree with, but the policy allows LV to do this.

LV in its role as the insurer negotiated with the TPI the final costs in order to settle the claim. I understand Mr and Mrs A do not agree with the final position as to how LV settled the claim, as this meant not all of the claimed costs were recovered. But we can only consider LV has acted unreasonably if there is evidence of LV treating Mr and Mrs A unfairly here.

The TPI disputed the costs to repair the damaged wall. So LV referred the costs to its 'in house' agent. LV provided a scope of works (SOW) for the wall repairs which came to £925.78. The TPI agreed to settle the claim for a sum of £740.

So although LV met Mr and Mrs A's claim in line with the quote they provided, it didn't recover all of the same costs from the TPI.

An insurer can decide to settle a claim on the best terms possible. This means, based on its experience in negotiating and settling claims, it can decide it's better to settle a claim without proceeding to court, where costs can rise to significantly more. An insurer needs to balance

the risk of significant court costs – along with its chances of recovering all of the same costs - against the settlement offer it has.

From the information available to me, I think LV handled the claim reasonably and in line with the policy.

Insurers generally apply a rating to a premium where a claim is made. Some insurers charge a higher premium or a rating irrespective of whether the claim has been settled as 'fault' or 'non fault.' We are aware from publications by leading industry trade bodies that the cost of insurance since 2022 – even if no claim has been made - has increased by an average of 25%, and in some cases by up to 50%. So I think in this case, LV hasn't done anything wrong by applying an increase to Mr and Mrs A's premium at renewal.

I understand Mr and Mrs A will be disappointed with my decision. But from what I've seen, I think LV doesn't need to do any more. And this means I'm not upholding their complaint.

My final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 25 January 2025.

Geraldine Newbold
Ombudsman