

The complaint

Miss C and Miss Q complain that Liverpool Victoria Insurance Company Limited (“LV”) mishandled their claim for subsidence and hasn’t reimbursed them for costs they incurred.

Any reference to LV in this decision includes its appointed agents and representatives.

What happened

In July 2018 Miss C and Miss Q made a claim under their home insurance policy with LV, for subsidence related damage.

The claim journey was lengthy, spanning several years. Elements of the claim were ultimately rejected by LV. In particular, the damage to the conservatory/extension area wasn’t accepted due to issues with the foundations, and Miss C and Miss Q had to arrange for underpinning to be carried out themselves.

They also instructed an expert engineer and surveyor (Dr A) to act on their behalf, who began to liaise with LV about the claim. Dr A said that in his vast experience of dealing with subsidence claims, the delays in this case were unprecedented and LV had made a catalogue of errors.

Miss C and Miss Q complained to LV, saying the amount of time things were taking was excessive and LV had been negligent. They complained that, among other things, LV had made several mistakes, including when it said the property was stable, and had taken too long to reach a decision about reimbursing them for the underpinning.

Miss C and Miss Q also said that their expert had attended appointments previously and his fee had been paid for by LV. But it had now refused to reimburse his fee and this wasn’t fair or reasonable.

In its response to their complaints, LV said Miss C and Miss Q’s policy didn’t cover expert fees, so it wouldn’t be paying for them. It apologised for the delays and said there were an unprecedented number of claims over a short period, which put an immense strain on LV and its suppliers, impacting its service to customers. It offered Miss C and Miss Q £500 in recognition of the inconvenience they’d experienced when they had to get the underpinning to their home carried out privately, and for the uncertainty of whether they’d be reimbursed for this, and delays.

It added that it wasn’t unusual for subsidence claims to span several years, especially in a case like Miss C and Miss Q’s where extensive monitoring was required for various reasons.

Miss C and Miss Q didn’t accept LV’s responses, so they referred their complaint to this service. Our Investigator considered the complaint and recommended LV pay for a portion of the expert’s fees. Our Investigator also said the £500 offered by LV was fair in the circumstances.

Neither LV, nor Miss C and Miss Q, agreed with our Investigator’s view, so the complaint has

now come to me 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.

As this is an informal service, I'm not going to respond here to every point raised or comment on every piece of evidence Miss C, Miss Q and LV have provided. Instead, I've focused on those I consider to be key or central to the issues in dispute. But I would like to reassure both parties that I have considered everything submitted. And having done so, I'm upholding this complaint.

I agree with the outcome reached by our Investigator, and for the same reasons they've given. I'll explain why.

Expert fees and other costs incurred

I've checked the policy term which refers to reimbursement of expert's fees. This says:

"We'll pay the full cost of any repair or replacement, including any architects and surveyors fees, demolition, removal of debris or local authority costs we have agreed to pay."

I'm not persuaded that the above term guarantees that expert fees will be reimbursed in every instance. The addition of "we have agreed to pay" satisfies me that there must be some prior agreement to the reimbursement of the fee, in order for LV to be liable to pay it. My interpretation of this term is that clearly the payment of fees is at LV's discretion – only when it has agreed to pay them. But it wouldn't be reasonable for the term to mean that if fees have been covered previously, then every fee from that point onwards would also be payable by the insurer.

I agree in principle that an insurer should pay fees for any expert reports that are necessary and have an impact on the outcome of a claim. And I can see that it paid for Dr A's first attendance in 2023. But this doesn't set a precedent, making all the expert's fees LV's responsibility. I can see that there was some confusion when Miss C and Miss Q wrote to LV to say their expert would be attending the April site visit and that this would be at LV's expense. LV didn't respond to this communication, so I don't consider it unreasonable for Miss C and Miss Q to have understood this to mean that LV did not object. After all, LV had paid the fee previously.

But as Miss C and Miss Q retained Dr A's services after LV had made it clear that the fees would not be covered, I'm satisfied they chose to do so knowing there was a risk they wouldn't be reimbursed. So I don't consider LV liable for any fees after that point.

It follows therefore, that I think LV should pay towards Dr A's fees up until the point at which it said it wouldn't pay them anymore. I agree that the fairest way to resolve this complaint would be for LV to pay half Dr A's fee for the period up to and including the April site visit.

Delays and poor communication

I appreciate that Miss C and Miss Q have asked for an Ombudsman to review the complaint "as a whole" – but I should reiterate what our Investigator pointed out – that I can only consider events leading up to LV's final response letter dated 13 June 2024.

So, whilst the matter has been ongoing for several years and has clearly impacted Miss C

and Miss Q for a considerable length of time, I'm only able to consider the impact of any mistakes made by LV during the time period I can consider. And my award is based on the overall length of any avoidable *delays*, rather than the overall length of time the claim has been ongoing.

Claims of this nature can often take years to resolve, as LV and our Investigator have both pointed out. In this case there were complications with foundations, trees which were subject to a tree preservation order and numerous other issues. Whilst Dr A referred to his experience in handling subsidence claims, I can't see that he commented on the overall length of the delays, so I've looked more closely at this. Not all of the delays over the years were avoidable. And it was inevitable that there were long periods of time where seemingly nothing was happening. But that wasn't always the case. I can see there were numerous times when monitoring was extended, and when LV was waiting on suppliers, chasing responses, compiling reports and schedules, and arranging site visits.

Overall, I consider the *avoidable* delays in this case did often last for several weeks, and amounted to several months in total. I'm therefore satisfied that LV's offer of £500 compensation for distress and inconvenience reflects the impact of those delays and the poor service Miss C and Miss Q received.

Putting things right

Liverpool Victoria Insurance Company Limited ("LV") should:

- Pay 50% of the expert's (Dr A's) fees, up until the date after the April site visit on which it communicated that it would not pay his fees. Miss C and Miss Q should evidence these costs and also provide evidence of payment if they have paid them.
- Add to the above payment, 8% simple interest per annum, from the date Miss C and Miss Q paid the fees until the date of settlement, if Miss C and Miss Q have paid the fees.
- Pay Miss C and Miss Q the £500 compensation for distress and inconvenience that it offered, if it has not already paid this.

My final decision

My final decision is that I uphold this complaint and I direct Liverpool Victoria Insurance Company Limited to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C and Miss Q to accept or reject my decision before 9 May 2025.

Ifrah Malik
Ombudsman