

The complaint

Mr and Mrs D have complained about the way Liverpool Victoria Insurance Company Limited trading as LV (LV) dealt with a claim they made for an escape of water under their home insurance policy.

For ease as Mr D is the main complainant, I will refer to him on behalf of Mr and Mrs D in my decision.

All reference to the insurer LV in my decision includes agents acting on its behalf.

What happened

Mr D made a claim for an escape of water (EOW) from a leak in an upstairs bathroom in August 2023.

In September 2023, Mr D said there was an EOW from a downstairs bathroom. LV said it would treat the claims as separate due to there being two EOW incidents.

So Mr D withdrew the claim for August 2023. They asked for advice as to whether to remove the hallway carpet before a Loss Adjuster(LA) was able to attend as they have a young child. LV agreed they could do this and they confirmed they would keep the carpet for inspection by the LA in their garage.

The LA attended and noted that the hallway carpet had been removed along with vinyl flooring for the downstairs bathroom. Following receipt of the LA's report, LV declined the claim as it said there was no evidence of damage caused by an EOW.

Mr D complained to LV but it said its decision to reject the claim was reasonable. For the distress and inconvenience caused by some poor service, it paid £50 compensation, in addition to £25 it had already paid.

Mr D remained unhappy and asked us to look at their complaint.

One of our Investigators recommended LV reconsider the claim and pay a total of £100 compensation for the distress and inconvenience caused.

LV paid a further £50 compensation. It reconsidered the claim, but agreed to only meet the costs to replace the vinyl flooring for the downstairs toilet. And as this came to less than the excess, it meant LV didn't pay anything to Mr and Mrs D.

LV said if Mr and Mrs D were unhappy with the settlement of the claim, they would need to raise a new complaint. So they did.

LV didn't reply to this complaint in time, so our Investigator issued a view based on the information available to her.

LV said it wouldn't consider a claim for damage to replace the hallway carpet. Its supplier said Mr and Mrs D had redeemed a carpet supplier voucher provided to replace the hallway carpet from a previous claim in 2019 in May 2024. So LV said Mr and Mrs D hadn't incurred any financial loss as there wasn't evidence to show they had replaced the hallway carpet since the 2019 EOW damage. LV wanted Mr and Mrs D to provide a plumber report showing the cause of damage from the previous claim.

Our Investigator didn't think this was fair. She thought LV should have instructed an LA for the August 2023 claim to determine the cause of damage and distinguish between it and the September 2023 EOW claim damage. Due to the time that had passed, she didn't consider it was now reasonable for LV to now ask for a plumber's report for the August 2023 damage. Although Mr and Mrs D had reported that damage may have extended to the hallway when it made a claim in August 2023, the Investigator didn't find this evidenced the damage being claimed for in September 2023 – to the hallway carpet next to the downstairs toilet - was from damage caused in August 2023 from the upstairs bathroom EOW. She was satisfied the damage from the photos provided by Mr and Mrs D showed incident related damage to meet the claim for replacing the vinyl and the hallway carpet.

So she recommended LV settle Mr and Mrs D's September 2023 claim by paying a cash settlement for the hallway carpet damage and downstairs bathroom flooring under the remaining terms and conditions, with interest. And she recommended LV pay a further £100 compensation for the distress and inconvenience caused.

Mr D since provided evidence by way of an invoice showing they paid for a replacement hallway carpet with the same carpet supplier in April 2019. The invoice amount matches the same claim costs as the 2019 claim.

LV was unable to provide sufficient evidence that Mr and Mrs D redeemed a voucher from 2019 in May 2024. The carpet supplier has since gone out of business.

LV said it wants an ombudsman to decide. In summary it says that from Mr and Mrs D's photos, the water damage is from the previous leak in August 2023 and the area of sub floor by the utility is dry. LV says it will consider the claim under the August 2023 claim. This means Mr and Mrs D will need to pay a further excess, will have two claims recorded against their policy, and subject to a backdated increase in premiums.

LV says it is more persuaded by the information provided by its supplier that the damage to the hallway carpet occurred from the August 2023 EOW.

It says as Mr and Mrs D do not want LV to contact them, it cannot ask for a plumber's report which it is entitled to do in order to validate the claim. It says LV has been able to show an exclusion applies – as it says the carpet was already saturated from the previous leak in August 2023 when Mr and Mrs D claimed in September 2023.

Mr D says they provided a copy of the plumber's invoice for the works for the September claim when asked. They've provided evidence they replaced the hallway carpet in 2019. He says the water damage to the hallway carpet occurred from the September 2023 EOW.

He's very unhappy as he says LV has changed its story a number of times in order to not meet their claim and this has caused significant distress to him and his family over a prolonged period of time.

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.

When Mr and Mrs D made a claim in August 2023, according to LV's notes, they reported

'PH has water gushing through the ceiling from the bathroom above. Leak has occurred overnight so nothing was being used at the time. Ceiling and carpet are soaked, hall way affected. Could spread to living room and downstairs bathroom. Leak is still ongoing, stop tap off at this moment.'

LV says it is of the opinion the hallway carpet was already saturated by this leak. But there is no evidence to support this. The only reference to the hallway carpet from the above notes is "hallway affected". This isn't enough for LV to conclude that the hallway carpet damage should be considered under the August 2023 claim.

According to LV's notes, in September 2023, Mr and Mrs D asked LV if they could lift up the wet hallway carpet as they have a young child, while waiting for the LA to attend. LV agreed – and Mr and Mrs D said they would keep the carpet in their garage for inspection.

There is no evidence to show that LV let the LA know about this. From the LA's report, he said the carpet had been removed when he arrived. Mr and Mrs D say they offered three times for the LA to inspect the carpet in the garage during their visit, but he refused.

We asked LV about this. The LA told LV he doesn't recall being advised of this by Mr and Mrs D. I think on balance it's more likely than not Mr and Mrs D made the LA aware of where the carpet was, given it was a major piece of evidence to support their claim. It doesn't make sense for Mr and Mrs D not to have mentioned it during the LA's visit.

The LA provided a quote for replacing the lounge carpet. But he reported that there wasn't sufficient evidence to show an EOW had occurred and the lounge carpet showed no signs of water damage or shrinkage.

LV's instruction to the LA was to identify a cause of damage for the September 2023 claim - but to also find out the cause of damage from the leak which led to the claim two weeks before (in August 2023). I cannot see that the LA investigated or reported on the previous leak for a cause of damage.

Mr and Mrs D provided LV with photos of the hallway carpet stored in their garage with water pooling around it. They also provided an invoice from a plumber, which LV discussed with him.

LV asked the plumber to provide a more detailed invoice showing labour rates and price for materials. I cannot see that LV received this. However, I've taken into account what was on the invoice the plumber provided. It read:

"Toilet leak had been caused due to a flexi tap connector, the red fibre washer had split.

Evidence on visiting the property was that the flooring in the downstairs toilet and hallway was saturated with water through the leak taking place over night. The vinyl in the downstairs toilet had lifted and bubbled and the carpet was soaking wet under foot. The water damage had also begun to absorb into the skirting boards and up the wall under the sink.

I advised for the toilet to be taken out and stored out the garage to allow the owners to pull the flooring up and let the floor underneath dry out.

I returned to the property a few days later to fix the toilet back in place and fit the new parts.

All evidence of the above is supported by photographs the owners took of the damage on my first visit."

I've looked at the photos provided by Mr and Mrs D to LV. LV say they show the area near the downstairs toilet was fairly dry. So it is of the opinion that the water damage to the hallway occurred from the August 2023 EOW.

However, as the Investigator explained, I think it was for LV to appoint an LA to identify a cause of damage when Mr and Mrs D made a claim in August 2023, and it seems even when the LA was asked to do so following the September 2023, this didn't happen.

While I find the plumber's description helpful in identifying the cause of damage for the September 2023 claim, I don't think it's reasonable for LV to expect the plumber to report what damage was caused by which leak. I think LV should have done more to properly investigate, and it seems from its instruction to the LA, this was something LV believed was appropriate too. This would have made it easier at the time to separate out the claims and to identify what damage applied to which claim.

And I agree with the Investigator that LV should have provided clearer guidance on the claims process when discussing the further damage identified in September 2023, which led to Mr and Mrs D's decision to withdraw their claim for August 2023.

Mr D told us that the damage caused by the August 2023 EOW was minimal and they were able to carry out effective paint repairs.

I haven't seen any evidence to contradict the findings of the LA that the lounge carpet hadn't suffered water damage or shrinkage – and so I think it's reasonable for this to be excluded from the September 2023 claim.

But from the remaining information available to me, I think LV should meet Mr and Mrs D's claim for replacing the hallway carpet and flooring for the downstairs bathroom under the remaining terms and conditions of the policy, under the September 2023 claim. I think on balance it's more likely than not that the hallway carpet was damaged by the September 2023 incident.

I appreciate that Mr and Mrs D paid for replacement flooring as they couldn't leave their home without flooring while raising their complaint.

It seems that the flooring Mr and Mrs D chose to replace the vinyl flooring was better – and so LV isn't liable to extend the scope of cover beyond 'like for like'. This means LV can make a cash settlement for the equivalent costs to replace what was the previous flooring in the downstairs bathroom and hallway.

I think this is a fair and reasonable outcome to resolve the complaint.

I think LV has caused unnecessary distress and inconvenience to Mr and Mrs D. I've taken into account compensation already awarded for previous complaints which I therefore cannot consider under this decision.

For the distress and inconvenience caused by the way LV intended to settle the claim in May 2024, I think it should pay Mr and Mrs D £100 compensation.

My final decision

For the reasons I've given above, my final decision is that I uphold this complaint. I require Liverpool Victoria Insurance Company Limited trading as LV to do the following:

- Settle Mr and Mrs D's claim for EOW in September 2023 by paying the equivalent costs to replace the vinyl flooring in the downstairs bathroom and the hallway carpet under the remaining terms and conditions of the policy.
- Pay interest on the reimbursement at a rate of 8% simple interest a year from one month from the date of the claim to the date of payment.
- Pay Mrs and Mrs D £100 compensation in addition to any previous compensation already awarded for the distress and inconvenience caused.

Liverpool Victoria Insurance Company Limited trading as LV must pay the compensation within 28 days of the date on which we tell it Mr and Mrs D accept my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

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

Geraldine Newbold
Ombudsman