

## The complaint

Mrs E and Mr E are unhappy with the decision made by Liverpool Victoria Insurance Company Limited (trading as LV) following a claim for escape of water under their home insurance policy.

Mr E and Mrs E are both parties to this complaint. Mrs E primarily dealt with LV during the claims process. For ease of reference I have referred to Mrs E throughout this decision.

LV is the underwriter of this policy. Part of this complaint concerns the actions of the agents. As LV has accepted it is accountable for the actions of any agents instructed on the claim, in my decision, any reference to LV includes the actions of any agents instructed.

## What happened

Mrs E took out home insurance with LV. In May 2023 Mrs E contacted LV to report water leaking through the living room ceiling. Mrs E appointed her own tradesperson, L, to trace and access the leak. But this was unsuccessful. LV's own appointed agent, S, was able to trace the leak. S advised of the following:

- 1. An approved building contractor should be appointed to remove the shower screen and tray in the ensuite to gain access to the waste pipe.*
- 2. The shower trap and waste pipe should be repaired.*
- 3. A suitable drying program should be put in place for the living room ceiling and walls.*

Mrs E contacted LV to ask for further information about the process for making a claim. Mrs E was told if she wanted to use her own tradesperson, she could do so. She was also informed that she would need to send a quote for LV to review, detailing all the work involved, so that LV could check how much it would cost for LV to complete the same work using one of its own tradespeople. LV said it would only pay what it would cost its own supplier to complete the same work.

Mrs E went ahead and used her own tradesperson to complete the required work. In August 2023 Mrs E informed LV that repairs to the bathroom had been fully completed. Mrs E explained she'd paid £19,926.47 to complete repairs. LV said that it hadn't had the opportunity to scope out the claim and determine what repairs were incident related. LV used the invoices and images provided by Mrs E of the completed work to calculate what it would've cost its own supplier to complete the same repairs.

In December 2023 LV made an offer of £7,243.28 in settlement of Mrs E's claim. In March 2024, LV agreed to increase its offer to £7,955.37 (£8,305.37, less £350 policy excess). LV also recognised there had been a delay in dealing with Mrs E's claim and offered £200 in recognition of the impact on Mrs E. LV said its offer was based on what it would've cost its own supplier to complete any incident related repairs. Mrs E was unhappy with this

response, and brought her complaint to the Financial Ombudsman Service. Mrs E didn't accept any payment from LV in settlement of her claim.

The Investigator considered the evidence and said LV needed to do more to put things right. The Investigator said LV must reconsider the claim following additional information being provided by Mrs E about the disputed costs.

LV disagreed with these findings saying remedial work was carried out without LV being given the opportunity to determine whether it was incident related, or not. LV said it was made clear during the calls Mrs E had with an LV call handler that LV would need to review the scope of repairs from Mrs E's chosen repairer, and that this would be compared with what it would cost LV to complete the agreed work. As the complaint couldn't be resolved, it has been passed to me for decision.

I issued a provisional decision on Mrs E's complaint. This is what I said about what I'd 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've focused my comments on what I think is relevant. If I haven't commented on any specific point it's because I don't believe it has affected what I think is the right outcome.*

#### *Claim settlement*

*Firstly, I want to recognise the impact this complaint has had on Mrs E. I don't doubt the distress and inconvenience the escape of water has caused her and her family. As LV hasn't paid the amount Mrs E was expecting would be covered, I can understand why she feels she hasn't been treated fairly.*

*But for me to say LV should do something differently, for example increase the settlement offer or pay Mrs E compensation, I would first need to be satisfied LV has done something wrong. I've first thought about what I feel is the crux of Mrs E's complaint, which centres around what work she feels was required to repair her home to its pre-loss condition. Again, I want to make it clear I don't intend to speculate on what work I think should've been completed, as I don't have the expertise to make this judgement.*

*Instead, I've thought about the report compiled by LV's appointed agents, alongside the invoices provided by Mrs E showing the repairs completed to her bathroom, and the testimonies provided by Mrs E and LV in support of their position. I've used this evidence to determine whether LV has acted fairly and reasonably in its handling of Mrs E's claim.*

#### *Main bathroom*

*The crux of Mrs E's complaint concerns the repairs LV say it won't cover as part of Mrs E's claim for damage to her bathroom. The disputed costs primarily relate to the difference in labour costs charged by Mrs E's own tradesperson, L, and LV's own approved supplier. Mrs E feels strongly that the information she was given on the phone didn't clearly explain the steps for her claim, and she was assured the claim costs would all be covered.*

*I've seen that Mrs E called LV to ask for further information about how to progress the claim in May 2023. Having listened to this call I'm satisfied that it was made reasonably clear to Mrs E that she would need to get an estimate from L, including a breakdown of the repairs that L considered were needed, so that LV could compare the same with one of its own suppliers. During the call, this information is repeated several times.*

*On balance, it was made reasonably clear to Mrs E that she would be required to send an estimate of repairs to LV for validation. This is supported by the part of the call where Mrs E is informed about the process for sending information in, and Mrs E confirms what L should do next. Mrs E was also told LV could set up a video call to review the damage before any repairs were completed, or during the repair process. I can't see that this was done at any time whilst repairs were being undertaken.*

*I accept that during this call the call handler did, on occasion, refer to Mrs E continuing with the claim. But I'm satisfied this information was followed up with information about LV needing to validate the claim, and for LV to see the scope of repairs to confirm that it can cover the same scope identified by L. During the call Mrs E was also given examples of what type of information L might include in the estimate, such as 'uplifting', 'plastering', and 'reinstatement'. Mrs E was told LV would then check the cost of these repairs against what its own tradespeople would charge.*

*I don't agree that the call handler's reference to continuing with the claim discredits the other information repeated by the call handler about LV needing to validate the repairs. Mrs E was also clearly informed that LV will only pay for the cost that it would incur from using its own tradespeople to complete the job. And that Mrs E would need to pay any shortfall.*

*Both Mrs E and the call handler discuss the importance of both parties agreeing what will be covered so that this prevents disputes later in the claim. It's clear from the call that this was important to Mrs E, and a situation she wanted to avoid. But equally, I think the call handler did enough to explain the process for validation of the claim, and what Mrs E would need to do to allow LV to consider what costs it'd be willing to pay. Given how Mrs E stressed the issue of costs not being met by LV, I don't think it's unreasonable for LV to question why Mrs E didn't contact LV at any point during the claim before going ahead with all of the repairs.*

*I'm satisfied the only way for Mrs E to have been clear about the scope of the claim, and what LV would pay for, was by LV agreeing the scope with Mrs E before she incurred any costs herself. That didn't happen. Instead Mrs E went ahead and completed repairs without LV having sight of the scope, including what repairs would be completed, what materials would be used, and importantly, how much Mrs E's own tradesperson would charge in labour costs. Because of this, LV hasn't had the opportunity to determine whether the repairs completed by L were in line with what Mrs E's policy would cover.*

*All things considered I'm satisfied in the circumstances the claim value amount of £7,955.37 (£8,305.37, less £350 policy excess) is fair and reasonable. This amount takes into consideration the costings completed by LV's own supplier after repairs were completed-based on the report from S, the images and invoices provided by Mrs E to evidence the work done, and Mrs E's own testimony about what should be covered.*

*I accept Mrs E's strength in feelings about the amount paid by LV being less than the costs she has incurred, and wholly unfair. But I also accept that by completing the work without allowing LV the opportunity to review whether the damage claimed for is incident related, this has prejudiced Mrs E's claim, and specifically, LV's ability to complete a fair validation of the claim. Because of this, I think its approach in paying an amount equivalent to what it would cost its own supplier, based on the scope completed after repairs have been done, is in the circumstances, reasonable. So I'm minded not to ask LV to do anything more in settlement of Mrs E's complaint about the claim value.*

#### *Interest on payment*

*During our investigation LV sent Mrs E a cheque for the claim value of £7,955.37. Mrs E says LV should pay interest on this amount. LV say Mrs E was offered an interim payment*

*during the claims process and refused to accept this amount. LV has provided a call recording in support of its position.*

*I've reviewed the evidence and I'm satisfied that Mrs E was given a fair opportunity to accept a claim amount in settlement of the claim. Mrs E at the time had already made a complaint to LV. This would've remained under investigation whilst Mrs E was paid the claim value offered. Mrs E made it clear she didn't want to do this.*

*Although I accept Mrs E's strength in feelings about the claim value offered, I'm satisfied LV made reasonable attempts to pay this to Mrs E at the time it was offered. So I won't be asking LV to pay any interest on the claim value paid.*

#### **Trouble and upset**

*Thinking about our approach to compensation, and the impact on Mrs E, I'm persuaded £200 takes into consideration the period of inconvenience and stress caused by to Mrs E as a result of the delay in LV informing Mrs E about the outcome of her claim. This amount reflects the stress and upset caused in having to chase LV for a response, and not being offered a fair value until March 2024- some 10 months after the claim was made in May 2023.*

*I think compensation of £200 recognises the impact on Mrs E because of not hearing from LV in a timely way. But it also recognises that the outcome of the claim itself remains unchanged. All things considered, I'm minded to say the compensation offered is fair, and reasonable, and in line with our approach to complaints of this type.*

#### **Provisional decision**

*For the reasons given above, I'm minded not to uphold this complaint.*

#### **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 invited both Mrs E and LV to respond to my provisional decision. LV accepted the provisional decision and didn't provide any comments. Mrs E rejected the provisional decision and provided additional comments.

I recognise what Mrs E has said about her complaint. I've focused my comments on what I think is relevant. If I haven't commented on any specific point it's because I don't believe it has affected what I think is the right outcome.

Mrs E has emphasised how it wouldn't have been possible for her to complete repairs to the bathroom based on the costs calculated by LV's own approved repairer. I can appreciate Mrs E's frustrations because of what's happened, and the impact on her. But as LV wasn't given the opportunity to properly scope Mrs E's claim, and determine what costs it could pay for under the terms of Mrs E's policy, I think its actions in completing this retrospectively based on the evidence it had available, were reasonable.

At this stage, it's difficult to say whether LV's own repairer would've agreed payment for all of the repairs to Mrs E's main bathroom from the outset. As Mrs E carried out these repairs without engaging LV at any time during the process, there wasn't any opportunity for discussion or agreement with LV about what LV could reasonably cover under the terms of Mrs E's policy. If discussions about the scope of the claim had been had earlier in the claim,

particularly before extensive repairs were carried out, there might've been more opportunity for both sides to explain and agree on incident- related costs. As LV didn't have the opportunity to scope the claim, I think its decision to make an offer post-repairs, based on the limited evidence it had, was fair and reasonable in the circumstances.

Mrs E has also referenced the trouble and upset caused by LV in the handling of another claim. The other claim referenced by Mrs E falls outside of the scope of the current complaint. I recognise what Mrs E has explained about her dealings with LV overall. But based on the evidence I've seen, I'm satisfied LV's offer to put things right following the escape of water claim in May 2023 is fair and in line with our approach. So I won't be asking LV to do anything in settlement of Mrs E's complaint.

Neither party has provided anything that materially changes the outcome of Mrs E's complaint.

### **My final decision**

For the reasons provided I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E and Mr E to accept or reject my decision before 19 February 2025.

Neeta Karelia  
**Ombudsman**