

The complaint

Mr H complains that Liverpool Victoria Insurance Company Limited (“LVI”) asked him to return a duplicate settlement despite his claim not being fulfilled correctly.

What happened

Mr H had buildings and contents insurance underwritten by LVI. In 2023, LVI accepted Mr H’s escape of water claim and issued a voucher for a replacement carpet. In error, LVI also issued a cash settlement of £2,668.67 to Mr H.

LVI noticed its mistake and asked Mr H to return the overpayment. To begin with, he said his carpet hadn’t been replaced and the retailer had gone out of business, so he didn’t think he needed to return the payment. LVI identified that Mr H had used the voucher in 2023 for a replacement carpet, but he said the wrong one had been fitted. LVI believed it had settled his claim and asked again for Mr H to return the overpayment.

Mr H complained to LVI because he didn’t think it was fair that he should have the wrong carpet while LVI had its money back. LVI issued a final response saying it had made a mistake with the overpayment but that didn’t entitle Mr H to keep it.

Our investigator agreed with LVI and recommended that it make arrangements with Mr H for repayment. But Mr H remained unhappy. He said he was unhappy with the wrong carpet and LVI was unhappy with the overpayment, so that made things balanced. He said, too, that LVI ought to honour the voucher again because he’d been unsuccessful in getting the correct carpet from the new retailer or the administrators of the original retailer. He asked for 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.

In considering this complaint I’ve had regard to the relevant law and regulations; any regulator’s rules, guidance and standards, codes of practice, and (where appropriate) what I consider was good industry practice at the time. I won’t comment on every piece of evidence, and our rules don’t require me to. Instead, I’ll comment on what I think are the key events and explain the reasons for my decision. Although brief, I’d like to reassure both parties that I’ve considered everything presented to me in reaching my decision.

Having done so, I’ve decided not to uphold Mr H’s complaint.

The regulator’s principles say that firms must act in the best interests of their customers and treat them fairly. The claim itself is not in dispute. LVI issued a settlement so that Mr H could replace his carpet, and both parties accept that he received a voucher settlement and a cash settlement. Thinking about this alone, I’m satisfied that it would be unreasonable for Mr H to keep the duplicate payment. That’s because he would’ve received more from the claim settlement than he lost as a result of the insured event. The policy is there to indemnify Mr

H, not to enable him to make a profit. And while it's clear that the overpayment was LVI's mistake, it's unreasonable to allow Mr H to keep over £2,500 for such a simple mistake which hadn't caused him detriment.

Therefore, I'm satisfied that LVI hasn't done anything wrong by seeking repayment of the cash settlement from Mr H.

I've thought carefully about what Mr H has said about the retailer fitting the wrong carpet. I understand he feels strongly that he shouldn't be the only one to have lost out because of the retailer's mistake, and the subsequent administration meant he couldn't get the carpet replaced again. I can appreciate that must be frustrating for Mr H. But I must be fair to both sides, and I can't see anything in the evidence provided that persuades me LVI is responsible for any part of that mistake or the way in which it ought to be put right.

LVI gave Mr H the voucher. He spent it with the carpet retailer and the carpet was fitted. It wasn't until some months later, when a section of the carpet was replaced again, that he realised the wrong carpet had been laid first time round. Whether he noticed straight away or some months later, the fact is that the contract for that service was between Mr H and the carpet retailer. LVI had no responsibility once it issued the claim settlement voucher and Mr H used it.

I understand Mr H has received advice that the voucher issuer is responsible if the retailer goes into administration. If Mr H hadn't spent the voucher, it may have been the case that LVI would've replaced it with a voucher for another retailer. But that's not the case here. As I've said, Mr H spent the voucher that LVI paid for, so any liability for the retailer's errors will be a matter for him to follow up with the administrator. I understand he's already done so.

Overall, while I can appreciate the frustration this matter has caused, I don't find that LVI has treated Mr H unfairly by seeking the return of the overpayment, or in declining any further action in relation to the retailer's mistake with the replacement carpet. I'm satisfied that there's nothing here for LVI to put right.

My final decision

For the reasons I've given, my final decision is that I don't uphold Mr H's complaint about Liverpool Victoria Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 30 April 2025.

Debra Vaughan
Ombudsman