

## **The complaint**

Mr and Mrs C complain about the way Liverpool Victoria Insurance Company Limited (“LV”) handled their subsidence claim.

## **What happened**

In 2020, Mr and Mrs C made a claim under their policy with LV when they discovered cracking and subsidence damage to the two adjacent garages at the rear of their property. They made a claim to LV and a small shrub was found to be the cause of the subsidence.

There were numerous delays throughout LV’s handling of the claim, so Mr and Mrs C made a complaint. They also said communication was poor and that the options they were given for storing their vehicle and possessions elsewhere weren’t suitable for them, as vulnerable consumers.

LV issued final response letters in December 2022, January 2024 and June 2024. In December 2022, LV accepted it had caused delays in the claim and offered £1000 compensation. In January 2024 it offered a further £500. In June 2024 it didn’t feel the delays Mr and Mrs C had complained about had been avoidable, so it awarded no further compensation.

Mr and Mrs C didn’t accept LV’s response, so they referred their complaint to this service. Unfortunately, they referred their complaint to us outside the deadlines set out in the December 2022 letter. This meant our Investigator couldn’t consider what had happened since the start of the claim, but could only look into the events following 7 December 2022, and which had been addressed in the January 2024 and June 2024 final response letters.

Our Investigator considered those matters and agreed that LV hadn’t provided an acceptable level of service to Mr and Mrs C. But for the time period between 7 December 2022 until the most recent final response letter of 20 June 2024, the Investigator said LV had fairly compensated Mr and Mrs C for the errors it had made. She also said LV had provided Mr and Mrs C with fair options in relation to the storage of their possessions, and that there wasn’t evidence that their new premium exceeded what competitors in the market would’ve charged.

Mr and Mrs C didn’t agree with our Investigator’s conclusions, so they asked for an Ombudsman’s decision. The complaint has therefore been passed to me 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.

As this is an informal service, I’m not going to respond here to every point raised or comment on every piece of evidence Mr and Mrs C 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

not upholding this complaint. I'll explain why.

The insurance industry regulator, the Financial Conduct Authority (FCA), has set out rules and guidance about how insurers should handle claims. These are contained in the 'Insurance: Conduct of Business Sourcebook' (ICOBS). ICOBS 8.1 says an insurer must handle claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and give appropriate information on its progress; and not unreasonably reject a claim. It should also settle claims promptly once settlement terms are agreed. I've kept this in mind while considering this complaint together with what I consider to be fair and reasonable in all the circumstances.

I've also taken into account the requirements of the Consumer Duty – in particular the consumer support outcome which sets out that firms should consistently provide high quality support throughout the life of a policy. And I've also taken into account the fact that Mr and Mrs C are vulnerable consumers.

I can see from the evidence provided, which includes emails between LV and Mr and Mrs C, that LV's communication could've been better throughout the time period I'm considering. Mr and Mrs C had to chase for responses to emails and have said it was difficult to keep track of responses due to broken email chains and numerous parties getting involved. They've asked for a single point of contact going forward and for their personal details to not be passed on to third parties without their consent.

Whilst I don't consider that to be an unreasonable request, I won't compel LV to provide a single point of contact going forward as it may not be able to provide one and I believe implementing this could delay matters further. If Mr and Mrs C have concerns about the communication from LV going forward, they can raise further complaints. And if they are concerned about how their data has been handled or shared, they can get in touch with the Information Commissioner's Office (ICO) about this.

Overall, in relation to the progression of the claim, I can see that there were numerous avoidable delays – including delays in sourcing an estimate for off-site vehicle storage, delays when LV was waiting for updates from its appointed third party agents, and delays in reviewing and progressing the claim more generally. There does not appear to be, on many occasions, an acceptable reason for those delays.

I consider the avoidable delays to have spanned over several months from what I've seen, during the year and a half I'm considering (from 7 December 2022 to 20 June 2024). For delays such as these, and for the communication issues Mr and Mrs C experienced, I consider £500 a reasonable level of compensation. This amount reflects the fact that Mr and Mrs C were caused considerable distress and inconvenience over a prolonged period of many months, and this caused disruption to their daily life for some time, and the issues required a lot of extra effort on their part to try and sort out. Because LV has already offered Mr and Mrs C a fair amount of compensation, in line with what I would award if no offer had been made, I'm not asking it to increase the compensation payable for this particular complaint.

Mr and Mrs C can look at our website for more information about how we determine fair awards for distress and inconvenience. And I should clarify that this compensation is only for the period of time I've mentioned – and not for the claim as a whole – as I'm unable to comment on compensation for anything that happened outside that time period.

I think the options LV has given Mr and Mrs C regarding the storage of their vehicle and contents aren't unreasonable. I can understand why Mr and Mrs C needed access to their possessions and vehicle, due to their vulnerabilities and the difficulties they experience, and

I think LV did try to accommodate their needs. LV offered to modify the property so that the vehicle could remain on site even though this constituted betterment of the property. And it also offered the potential storage costs in cash to Mr and Mrs C.

In relation to the contents, LV offered to provide a storage pod so that items could be kept at the property as Mr and Mrs C wanted. It also offered in cash the potential cost of obtaining a storage pod, which LV said Mr and Mrs C could put towards a more permanent storage solution. Under the policy, LV only had to pay to put the property back into its pre-incident condition. So I think these offers and other discussions that were had all represent fair offers as they take into account Mr and Mrs C's needs and show that LV was willing to put Mr and Mrs C in a more advantageous position, for example by paying for work it didn't have to pay for under the policy.

I've considered what Mr and Mrs C have said about the increase in their premium price. Whilst this isn't unusual following a claim, Mr and Mrs C still feel it's too large an increase and unfair. They also say it's eroded all the compensation they've been paid to date.

While the FCA doesn't regulate the prices insurers charge or the methods an insurer might use to calculate a price, there are certain things I've looked into, such as whether Mr and Mrs C have been treated differently to other customers in a similar position or been discriminated against, whether the price is based on any incorrect information, whether Mr and Mrs C have been misled about the price or whether Mr and Mrs C haven't been given the option to look for cover elsewhere.

And from what I've seen, I can't see that Mr and Mrs C have been treated differently to other customers in light of a substantial premium increase. There are many factors that can affect the cost of insurance and while Mr and Mrs C have said their compensation was offset by the premium increases, these are two unrelated matters. I've found the compensation to have been fair and reasonable for the poor service received, and I've not seen any unfair treatment or mistakes in relation to the price. We also can't tell an insurer how to carry out its own risk assessments – so whilst it is very unfortunate that one amount has effectively cancelled out the other, it doesn't follow that LV has acted unfairly.

As a side note, Mr and Mrs C have mentioned that LV didn't conduct an investigation into neighbouring trees which might impact the structural integrity of the garages going forward. They've said that they feel it is unbelievable that a small shrub could be the cause of the problem, and are concerned LV might not have picked something else up or not wanted to conduct any extensive analysis. But there's no obligation on LV under the policy to prevent all future episodes of subsidence or carry out work on something which might become a problem later on. The policy responds only to an insured event (so, putting right the damage from an episode of subsidence that's taken place and identifying and remedying its cause). It doesn't engage for future possible incidents and from what I've seen, there's no evidence that LV hasn't identified the correct cause.

It follows therefore, that I won't be requiring LV to do anything differently in relation to this complaint, as I consider it to have fairly compensated Mr and Mrs C for delays and poor service during the time period I've considered here. However, Mr and Mrs C are free to raise a further complaint about LV's actions if it continues to cause avoidable delays and if it fails to communicate with them effectively going forward. Any future complaint can also be referred to this service, subject to the usual rules and time limits that apply.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 27 June 2025.

Ifrah Malik  
**Ombudsman**