

## **The complaint**

Mr N and Mrs S complain about the amount Liverpool Victoria Insurance Company Limited ("LV") paid for the contents section of a claim made on their home insurance policy.

References to LV include its agents.

## **What happened**

In April 2023 an escape of water in Mr N and Mrs S's home from a burst pipe in their first floor bathroom caused extensive water damage to their home and some of its contents. So, they made a claim on their home insurance policy.

Mr N and Mrs S were placed into alternative accommodation. But all their contents were left at their home, which caused damage to more of their contents due to the atmospheric moisture levels.

Mr N and Mrs S submitted a claim totalling £30,272.74 for their contents. This comprised of £10,439.96 of contents classed as directly damaged by the escape of water, and £19,832.78 of contents classed as damaged later from exposure to the moisture levels.

In August 2023 LV agreed to pay a settlement of £2,674.50 for the contents claim. LV didn't agree it was liable for any of contents which had been damaged by the subsequent exposure to moisture, saying that Mr N and Mrs S had a responsibility to take reasonable steps to protect their undamaged contents. And when arriving at the settlement of £2,674.50, LV excluded several items, and made deductions to others.

LV later reassessed the claim, and on a without prejudice basis, agreed to pay an additional £12,964.76 to account for items damaged later from exposure to moisture. But, again, this included deductions from the total claimed.

Our investigator didn't think LV had acted fairly in making deductions. And except for some specific items, it should pay for items it had left out of the claim.

LV didn't agree, so the complaint was referred to me to decide. I issued a provisional decision upholding the complaint, and I said:

*"Firstly, I acknowledge the policy doesn't cover damage which has happened gradually, and I don't dispute that Mr N and Mrs S would broadly be expected to take reasonable steps to mitigate their loss and prevent further damage.*

*The claim notes show Mr N and Mrs S wanted to move their contents into storage in April 2023 when they first made the claim. But LV declined this and noted there were several undamaged rooms where contents could be stored.*

*But I'd only find this to be a fair reason to decline the claim for the contents damaged later if after LV decided not to move the contents to storage it gave Mr N and Mrs S clear advice on what it wanted them to do instead to avoid any more damage, if Mr N and Mrs S didn't follow*

*that advice, and if they had followed the advice it likely would have avoided any more damage to their contents. I don't think LV has shown that to be the case.*

*Whereas I think it's likely, if LV had agreed to move the contents to storage when Mr N and Mrs S asked, the additional damage could have been avoided. So, on balance, I think LV rather than Mr N and Mrs S could have done more to avoid the gradual damage to the contents. So, I don't think it was fair for LV to exclude the gradually damaged contents from the claim. And I think by not moving the contents into storage, and causing more damage to occur, Mr N and Mrs S were caused some distress and inconvenience.*

*I've next looked at the deductions LV made from the claim, and whether these were reasonable. For clarity, I'll separate this between the contents initially damaged, and those damaged gradually.*

*Starting with the contents initially damaged, Mr N and Mrs S's claim for these totalled £10,439.96. However, a computer was added to this part of the claim increasing the total claimed for to £10,908.96. LV agreed to pay £2,674.50 for this part of the claim, but £147.50 of that was for items Mr N and Mrs S hadn't included on their contents list. So, the difference between what Mr N and Mrs S had claimed, and what LV agreed to pay was £8,381.96.*

*LV explained why it made some specific deductions from the claim:*

- A kettle, toaster and vacuum cleaner totalling £210.94 were omitted as these had already been replaced as part of a furniture pack LV had provided Mr N and Mrs S.*
- A tava and a grill totalling £70 were omitted as LV thought these had been gradually damaged by moisture.*
- Mr N and Mrs S claimed £1,157 for a washing machine, tumble dryer, and fridge but LV said these items retailed for less and it only agreed £150 for them.*
- 33 pairs of shoes were claimed for totalling £1,610, but LV's inspection only found one pair of shoes which may have been affected. So, LV only agreed to pay £50.*
- £3,500 of items under the heading 'Miscellaneous items' were omitted by LV.*

*The exclusions and deductions I've mentioned above only account for part of the difference between the £10,908.96 claimed for and the £2,527.00 offered for these items claimed for. Disregarding the items detailed above, the total amount claimed for the remaining items was £4,361.02 and the amount LV agreed to pay for these was £2,327.*

*LV has provided a spreadsheet showing how it calculated its settlement, and I can see from this on each individual item claimed for LV agreed to less than the purchase or replacement price.*

*My understanding is LV did this because the policy doesn't provide new for old cover, and in general LV thought the property was in a poor condition before the loss.*

*I've looked at the policy terms and note these say LV will pay for the cost of replacement less an amount for wear and tear. And I acknowledge items Mr N and Mrs S were claiming for weren't new and likely would have had some wear. LV has paid roughly half of the cost of the total for the items where wear and tear was the reason for a deduction. And I don't find that to be unreasonable in the circumstances.*

*With regards to the kettle, toaster, and vacuum cleaner, I think it was reasonable for these to be deducted from the settlement since LV had already replaced those items.*

*I don't think LV's reasoning for deducting the tava and grill was unfair either, since they weren't directly damaged by water. However, LV said those items had later been damaged by moisture but looking at the spreadsheet for that part of the claim, the tava and grill aren't included. So, I think LV should include the cost of those two items within the claim for the gradually damaged contents.*

*I acknowledge LV's comments about the fridge, washing machine and tumble dryer being available to buy for less. But, other than LV's comments, I haven't seen anything more to support this. LV has included a link to website for the fridge showing an example, but this link doesn't work. And in addition to these items, LV also applied a substantial reduction to an undercounter freezer, which I can't see any clear justification for.*

*I think it would only be reasonable to make these deductions if LV can show Mr N and Mrs S can still buy the same make and model for less. Since I don't think that has been shown, I don't think the deductions LV made on these appliances was reasonable.*

*In total, Mr N and Mrs S claimed £1,406 for the washing machine, dryer, undercounter freezer and fridge freezer. But LV only paid £175 for these items. I think a more reasonable amount would have been half the total amount claimed for, which factoring in wear and tear would make the settlement for these appliances proportionate to what was paid for the rest of the items.*

*So, to put this right, I think LV should made an additional payment of £528 for the appliances, and to reflect Mr N and Mrs S have been without those funds, LV should add 8% simple interest per year to this payment calculated from the date the claim was originally paid to the date of settlement.*

*According to LV, a claim for £3,500 of miscellaneous items including gifts, souvenirs, jewellery, and gadgets was offered by Mr N and Mrs S's loss assessor to be withdrawn. I've seen nothing to the contrary of that. So, I don't think it was unfair for LV to leave this cost out of the claim. Additionally, while I recognise it's not always possible for a customer to provide original receipts or invoices for their contents, Mr N and Mrs S would still have an onus to demonstrate their losses and I haven't seen any clear evidence showing proof of the miscellaneous items or how they were valued at £3,500.*

*The loss assessor also, according to LV, offered to reduce the claim for the shoes to £200. LV agreed to pay £50 for one pair of shoes. I don't think I've seen enough to show more than one pair of shoes was directly damaged by water and note that some shoes were also included on the gradually damaged items. So, I think the £50 settlement for the shoes directly damaged by water was reasonable.*

*Looking now at the claim for contents that were gradually damaged, LV agreed to a settlement of £12,964.76 from a total amount claimed of £19,322.88. LV has provided a spreadsheet showing how it calculated its settlement. I find this spreadsheet reasonably explains how LV calculated its settlement for the items directly damaged by water and why it made deductions. I can see from this spreadsheet LV has indicated where it has had a lack of information on items, sources from which it has obtained lower replacement values on some items, and how it estimated the level of wear when it has made deductions.*

*Taking these points into account, I don't think the adjustments LV made on this part of the claim were unreasonable. So, I don't find the £12,964.76 settlement to be unfair for the gradually damaged items.*

*Mrs S has provided another spreadsheet which totals £43,326.95 for all her contents. She said she produced this when she was moved into alternative accommodation in June 2023 and it includes everything which was in her property at the time she was relocated. She said she was overwhelmed at the time of the claim, and didn't include certain items such as kitchenware, toys, laptops and bikes within the initial claim of £30,272.24.*

*But, this spreadsheet was provided around eight months after the event and I'm more persuaded by what LV has said concerning the assessment of the claim. So, I don't think it would be reasonable to require LV to consider these additional items which Mrs S now says were damaged from the incident.*

*Lastly, I think some compensation is warranted for the distress and inconvenience caused to Mr N and Mrs S. I think they've been caused a lot of distress and inconvenience during what was already a highly stressful claim by having more of their contents damaged. And I think that upset would have been worsened by LV initially declining their claim for the contents which were damaged gradually. In recognition of that, I think LV should pay them £400."*

LV replied saying it accepted the provisional decision. Mr N and Mrs S replied through their representative, who in summary said:

- The offer to exclude miscellaneous items from the claim was made as a gesture of goodwill to progress the claim, but since this wasn't achieved, it may be fair to include these items.
- The additional items added to the claim were only after all contents had been removed to allow building works. These contents were contaminated, and no storage facilities would agree to store them. LV were informed about these items, but they had to be disposed of to allow the building works to commence.

### **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've considered Mr N and Mrs S's response, but I've reached the same overall conclusion that I did in my provisional decision.

I don't dispute the reason why the miscellaneous items which Mr N and Mrs S had valued at £3,500 were removed from the claim. But had they not been, Mr N and Mrs S would still have needed to provide evidence of what these items were, their value, and that they were damaged by the events within this claim. I haven't been provided with anything more of that nature, so I still don't think it's unreasonable for LV to exclude the £3,500 of miscellaneous items from the contents claim.

I've also considered the comments about the additional items detailed on the spreadsheet totalling £43,326.95.

I've read the emails which have been provided between Mr N and Mrs S's representative and LV in relation to disposal costs and I note in one email it was commented on by the representative that regular storage wasn't appropriate due to these items being contaminated. But there isn't any discussion in these emails about including these items in the contents claim. The only costs discussed in these emails were around removals, storage, and disposal.

These items weren't included in the original contents claim and were only submitted months later, the only evidence I've seen about what they are is the spreadsheet Mrs S says she compiled in June 2023, and the items have now been disposed of making any further inspection of them impossible. Since the evidence provided relating to these items is limited, and LV would be unable to inspect them now due to their disposal, I still don't find it would be reasonable to require LV to include these items in the contents claim.

### **Putting things right**

I require LV to do the following:

- Pay Mr N and Mrs S an additional £528 to make up for the unreasonable deductions on the appliances and add 8% simple interest per year to this payment calculated from the date the claim was paid to the date of settlement.
- Reassess the claim for the tava and grill as part of the claim for the gradually damaged contents.
- Pay Mr N and Mrs S £400 compensation for the distress and inconvenience caused.

### **My final decision**

My final decision is that I uphold this complaint and I require Liverpool Victoria Insurance Company Limited to carry out the steps I've set out in the 'Putting things right' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N and Mrs S to accept or reject my decision before 25 March 2025.

Daniel Tinkler  
**Ombudsman**