

The complaint

Mr D complains about the way Liverpool Victoria Insurance Company Limited (LV) handled a claim he made on his home insurance policy. He says they caused delays in completing works which led to his home and personal items becoming damaged.

What happened

Mr D held a home insurance policy with LV. He contacted them to make a claim following an escape of water at his property in December 2022. LV accepted the claim, but Mr D said that despite significant water in the house, as well as structural damage – LV didn't take steps to remove any of his personal items until July 2023. And he said no heaters were installed in the property until August 2023 – by which time mould had developed and his furniture had become water damaged.

Repair works began in December 2023 – and Mr D and his partner were initially offered alternative accommodation in a hotel, and then later self-catering accommodation. Mr D felt neither of these options were suitable for his needs. He later moved in with his partner and was paid a sum of £700 per month for a disturbance allowance until April 2024; when LV deemed his property to be habitable again.

But Mr D said his home wasn't habitable as major works hadn't been completed and there remained snagging items to address. He also said the oil central heating no longer worked and his property wouldn't be habitable until this was resolved. Mr D raised a complaint about how LV were handling his claim and they accepted they had caused avoidable delays in the claim process and there was a general lack of communication. They awarded a total of £1,000 compensation - but Mr D remained unhappy with LV's response to his complaint – so he brought it to this Service.

An Investigator looked at what happened but didn't recommend that the complaint should be upheld. She said that while it was clear LV had caused delays in dealing with the claim and had caused distress and inconvenience to Mr D – she felt the compensation awarded was fair in the circumstances and was satisfied LV had paid a reasonable sum for alternative accommodation costs. And she said as Mr D was still finalising his contents claim with LV – she couldn't reasonably make a finding on that aspect of the claim.

Mr D disagreed with the Investigator's findings. He said there had been lots of delays getting his contents back into the house and he'd had no central heating or washing machine and he'd had to recall the builders twice to fix snagging items. Mr D didn't think the compensation reflected the level of inconvenience he had experienced. And he said the amount LV had paid for alternative accommodation was not excessive. He also said he wanted to put in a claim for the loss of value to his property following the flood.

Mr D asked for an Ombudsman to consider the complaint – so it's 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.

I want to start by explaining I won't be repeating the entirety of the complaint history here in my decision or commenting on every point raised. Instead, I've focussed on what I consider to be the key points that I need to think about in order to reach a fair and reasonable conclusion. This reflects the informal nature of this Service and our key function; to resolve disputes quickly, and with minimum formality. However, I want to assure both parties I've read and considered everything provided.

I also need to explain what period I will be considering as part of my decision. I appreciate Mr D has raised several complaint points since this case came to our Service and he also states that he wants to raise a complaint about the loss of value of his home as well as energy used by workmen.

However, LV issued their final response in September 2024 which covered the delays, snagging issues, and confirmed further validation was needed for contents. As such, my decision will deal with the handling of the claim up until September 2024. While I appreciate the claim may still have outstanding issues, if Mr D remains unhappy with LV's handling of the claim after September 2024, he would need to make a new complaint.

LV accepts that they didn't handle Mr D's claim as well as they should have done. It's clear that there have been delays in the progression of the claim. LV accepts they didn't communicate with Mr D as they should have done, and this led to Mr D having to seek regular claim updates. As such, I don't need to make a finding on whether LV acted unfairly here, because they've already confirmed they caused delays. Instead, I need to consider what the impact of those delays were and what steps they've taken to address this.

What was the impact

I do appreciate Mr D has said he doesn't understand why the Investigator concluded that LV haven't done anything wrong. But I don't agree that these were the Investigator's findings – because they outlined that Mr D has received service which falls short of what we'd usually expect from an insurer.

This Service isn't the regulator – and we don't fine or punish a business. Instead, we can award compensation to recognise the impact a business' actions have had on their customer in a particular complaint. But if the business has already awarded compensation at the same level we would make an award – we wouldn't ask them increase this. So, when deciding what amount would be fair, we need to consider how a customer was affected.

An ongoing building claim comes with a certain level of frustration and inconvenience as standard, so I would expect there to be some disruption as part of the normal claims process. However, my role is to consider what should have happened and look at any additional and unnecessary inconvenience and distress caused by LV's errors or omissions alone.

I wanted to first acknowledge Mr D's comments around his alternative accommodation at the end of the repair period. Mr D says that the £700 per month paid while he stayed at his partner's home was not excessive. While I agree that this may be the case, that doesn't then allow me to make additional awards to offset this amount, especially given this amount exceeds the cover under the policy.

Looking at the timeline, Mr D's main concerns appear to be over whether his property was habitable or not, and this in turn was connected to the return of his contents and furniture, as well as whether his central heating was operational. There's no dispute that there were delays at the start of the claim and some of Mr D's furniture was left standing in water for an extended period of time. I have no doubt this would have been distressing for Mr D, but I understand Mr D is still waiting for a full list of items removed as well as items being returned before he can finalise his contents claim. And without this being concluded – I'm not able to make any type of award for specific items Mr D says have been damaged and not replaced under his insurance cover.

In respect of general inconvenience for delays and the lack of use of central heating and washing facilities, I appreciate Mr D has said that he didn't feel that his home was "habitable" at the point LV said it was, due to his concerns over the return of his contents etc. But it's important to identify what LV are required to do under the policy when deciding whether they acted fairly.

LV has said the policy provides cover whilst the property is uninhabitable as a result of the claim, not until the property is restored to its pre-loss condition. I don't consider this to be unreasonable, and while Mr D may feel that his home wasn't habitable until all of his furniture and personal goods were returned, I'm not persuaded this is what the policy provides.

That being said, I do think that the claim taking as long as it did to get underway was unreasonable and I think LV could have done more to communicate this with Mr D as well as provide more information to try and manage his expectations. While I don't necessarily agree with Mr D's definition of what would make his home habitable, I think that if LV had dealt with the claim in a quicker manner, the things Mr D was asking for may have been able to have been coordinated with the return to his home, thereby minimising disruption, and inconvenience for him overall.

I understand works are largely complete at this stage – however Mr D remains unhappy with how LV dealt with the claim and says the impact to him, and his partner, was severe. He's explained that there has been a lot of disruption and a loss of enjoyment of his home for well over a year. I can see Mr D was in regular contact with LV and their claim handlers throughout and was trying to get updates on progressing the claim. And overall, I think he has been put to a significant, unnecessary amount of trouble and upset as a result of the delays in LV's handling of this claim.

And while I appreciate LV have acknowledged their shortcomings and awarded a sum of compensation to account for this period, my remit is to consider the overall trouble and upset I think he suffered because of LV's claim delays and communication failings and decide whether I think the compensation awarded is enough to recognise the impact caused.

A compensation award isn't intended to fine or punish a business, it's to recognise the impact a business' actions have had on their customer in a particular complaint. This Service's approach to compensation awards requires me to think about what amount would be fair by taking into account how I consider Mr D was affected.

I've thought about the impact to Mr D, and I think LV's handling of the claim has caused distress, upset and worry, and a disruption to daily life over a period of many months. And I think the initial delays LV caused in which Mr D's furniture sat in water for an extended period would have caused upset and inconvenience for Mr D over and above what I would consider to be normal.

I can see LV have already paid £1,000 as compensation; so, I need to think about whether that's enough to reflect the impact their actions had on Mr D. Having done so, I'm satisfied LV's compensation award is within a reasonable range to reflect the impact of their claims handling on Mr D. And having considered everything that's happened, I'm satisfied this is a fair sum and in line with what I would have awarded myself – so I'm not going to ask LV to increase this.

I appreciate this may not be the level of compensation Mr D might have hoped for, and it may not ultimately change matters for him, given his larger concerns over the claim itself. But I consider it to be in line with the level of compensation appropriate to these issues, and I'm satisfied this produces a fair and reasonable outcome in this particular complaint.

In respect of Mr D's other personal items and furniture, he will need to finalise this with LV in order to raise a claim for any damaged or missing items, because I can't make an award for those here as part of my decision.

And in relation to the additional claims Mr D has said he wants to raise; I've not been provided with any evidence that demonstrates a loss in value of the property that is solely a result of LV's handling of the claim. So, I can't fairly ask LV to make a payment for them.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 14 May 2025.

Stephen Howard
Ombudsman