

The complaint

Mr and Mrs S are unhappy about the way Liverpool Victoria Insurance Company Limited ('LV') handled a subsidence claim made under their buildings insurance policy.

I've only referred to Mrs S throughout the rest of this decision, as Mr S doesn't live in the property and wasn't involved with the claim.

Any reference to LV includes the actions of its agents, as well as a previous insurer acquired by LV.

What happened

Mrs S holds buildings insurance through LV (previously a different insurer). In 2021, she made a subsidence claim which was eventually accepted. The subsidence was found to be caused by defective drains and nearby vegetation.

Mrs S appointed her own contractor (that I'll call W) to complete the repairs needed to the property. W started the repairs, but Mrs S was unhappy with the quality of the workmanship. In June 2022, LV arranged for its own contractor (that I'll call F) to take over the repairs.

Mrs S complained to LV about its handling of the claim. She said the repairs by W had been of poor quality, and she was unhappy that F still hadn't completed all the repairs needed. She was also unhappy that she and her family hadn't been offered alternative accommodation sooner, and even after this had been agreed, she had to source the accommodation herself.

LV issued a final response to the complaint on 19 February 2024. It noted the claim had halted in September 2023 with no further progress on the repairs needed. It said there were three remaining items under review (hallway decoration, external wall brickwork and porch step), and that F would provide a start date of when the repairs would be completed. It paid Mrs S £600 compensation for the poor service and delays. Unhappy with this, Mrs S brought a complaint to this service.

I issued a provisional decision on 24 February 2025. Here's what I said:

'I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.'

What I'm considering

I've only provided a very brief summary above, though I'd like to reassure Mrs S that I've carefully considered her explanations about what happened and the resulting impact to her. I would also like to explain that as the only eligible complainant living in the property, I've only considered how Mrs S was affected by LV's handling of the claim.

LV issued a final response letter in September 2021 after Mrs S complained that it had initially turned down her claim. This letter gave Mrs S six months to bring a complaint to this

service if she remained unhappy. As Mrs S didn't bring a complaint here within the relevant timeframe, I can't consider LV's initial decision to turn down Mrs S's claim. Though I can still consider LV's handling of the claim before September 2021, as this didn't form part of Mrs S's complaint to LV in 2021.

Mrs S is also unhappy about the lack of progress with the repairs after February 2024. As our investigator has said, she would need to raise her concerns with LV about this in the first instance. If LV can't resolve the matter to Mrs S's satisfaction, she can ask us to consider a new complaint about events after February 2024.

Repairs

Mrs S is unhappy about the quality of the repairs carried out by W. Our investigator said that because Mrs S had appointed W as her contractor, then LV wasn't responsible for the quality of their repairs. I disagree with our investigator on this point. Although Mrs S appointed W as her contractor, I see that LV's loss adjuster liaised with W, agreed variations to the scope of works with them and took responsibility for validating and paying W's invoices. So, in these particular circumstances, it seems to me that LV had control over the repairs carried out by W, rather than Mrs S.

When a contractor controlled by an insurer carries out repairs, the contractor effectively acts as the insurer's agent and so the insurer is responsible for the contractor and their work. That means that LV was responsible for the repairs carried out by W.

It's not in dispute that W's repairs were of poor quality. I understand some of the issues included the glazing in a bay window not being set correctly, and the brick wall hadn't been built in line with building regulations. As a result of W's poor workmanship, LV arranged for F to take over the repairs in June 2022.

So, F needed to put right the issues with the bay window caused by W's poor workmanship. They also needed to carry out several other repairs, to various areas of the property.

Though it's apparent that things didn't then progress as they should have, even after F had taken over the repairs. It took F around three months to prepare a schedule of works, which seems excessive to me. There was then a two-week delay caused by LV's loss adjuster when they asked F to put the repairs on hold (I don't know the reason for this). As of November 2022, F hadn't even been in touch with Mrs S following the June 2022 inspection.

Some repairs did then take place. Mrs S was given an expected completion date of 31 March 2023, though work then stopped for a few months as F was waiting for the production of squint bricks. I agree with our investigator that this delay could have been avoided if the bricks had been ordered in advance. It seems some of the confusion and delays was due to F's project manager leaving the company.

Although F then did some further repairs over the following few months, I see that F advised LV's loss adjuster in August/September 2023 that the repairs had been completed, when this wasn't the case. Mrs S was understandably very frustrated by this.

In October 2023, F visited Mrs S to establish what work remained outstanding. A cash settlement was agreed for some of the internal decorating work, as well as the patio. LV then arranged for a survey of the drains to take place in mid-November 2023, and despite W previously carrying out repairs, these were still found to be defective. This meant a further delay until the drain repairs were completed in early January 2024.

The remaining work could have then taken place following the completion of the drain

repairs. However, when LV issued its final response on 19 February 2024, there was still work outstanding (hallway decoration, external wall brickwork, and the porch step).

It's clear to me that LV handled this claim badly in respect of the repairs. As I've described above, there were issues with W's workmanship, and unnecessary delays caused by both LV and F. I also note that Mrs S often had to chase LV for updates, as well as the contractors. I've considered compensation for this below.

Alternative accommodation (AA)

Mrs S wasn't offered AA by LV. This was because she still had access to a kitchen and bathroom in the property. However, the front of her house was taken down in 2021, and I understand she had to share a bedroom with her two adult children for some time. Clearly, Mrs S ought to have therefore been offered AA from the outset, which LV now accepts.

Mrs S made LV aware on several occasions that she has an underlying health condition, so it knew she was vulnerable. Despite this, when LV did eventually agree to AA in early 2022, Mrs S was left to organise this herself. As Mrs S was only able to find holiday rental accommodation, this meant she had to move seven times in a 12-week period. Mrs S not only had to arrange this all herself which I think would have been stressful enough in itself, she also had to pay for it all and then ask LV to reimburse her. I think LV's handling of the AA was really poor, and I don't think it took into account Mrs S's vulnerabilities at all.

Compensation

LV has paid Mrs S £600 compensation. Our investigator thought this ought to be increased to £850, though she didn't think that W acted as LV's agent (as I've said, I'm satisfied that they were LV's agent).

Taking everything into account, I intend to require LV to pay Mrs S total compensation of £2,000. I think this reflects not only the impact to her caused by the poor workmanship and unnecessary delays from contractors that I've described above, but also LV's poor communication and its handling of the AA and how this affected Mrs S who was particularly vulnerable.'

I asked both parties for any further comments they wished to make before I made a final decision.

LV responded to confirm it agreed with my provisional decision.

Mrs S responded with the following main points:

- She asked that I re-read some of her earlier submissions to this service so that I can reconsider the effect the situation has had on her and her children.
- She questions why her adult children have been excluded from consideration.
- She set out how she and her children have been impacted by the situation, and again explained what happened with the claim.
- She asked for clarification with regards to a final response issued in September 2021 that I mentioned in my provisional decision.
- She has not cashed the £600 cheque she received from LV.
- She has received a further offer of compensation from LV for delays that occurred after its final response letter of February 2024, which she hasn't yet answered.
- She's unhappy with the compensation figure I suggested of £2,000.

As both parties have responded to my provisional decision, I've now reached my final decision.

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 have re-read the earlier submissions provided to this service as Mrs S has asked, as well as her further comments in response to my provisional decision.

Mrs S has again set out the details of what went wrong with the claim, though she hasn't provided any new information. I was aware of this before I reached my provisional decision. She's also again let me know how she and her children have been affected by what happened.

I agree that LV handled the claim really badly, and that this has had a significant impact on Mrs S. Though I still think that £2,000 compensation is appropriate and reflects this. Our website explains that this level of award is appropriate where a financial business' mistakes cause sustained distress, potentially affecting someone's health, or severe disruption to daily life typically lasting more than a year. I'm satisfied that's the case for Mrs S.

Mrs S has questioned why I haven't taken into account the impact to her adult children. That's because they aren't joint policyholders with Mrs S, and therefore aren't eligible complainants under our rules. I therefore can't award them compensation.

Mrs S has asked for some clarification with regards to a final response issued in September 2021 that I mentioned in my provisional decision. This was issued by the previous insurer acquired by LV (I said in my provisional decision that any reference to LV included this insurer) in respect of its decision to initially turn down her claim. I trust this clarifies the matter.

If the £600 cheque sent to Mrs S by LV wasn't cashed and has now expired, then LV should include this amount in its compensation payment to her.

Mrs S has explained that LV has now investigated her complaint about the lack of progress with her claim after February 2024, and she has six months to consider this. I assume from her comments that LV has issued a final response letter to Mrs S, giving her six months to bring a complaint to this service if she's unhappy with its response. Mrs S has asked if I can consider what happened after February 2024 in this complaint, but I'm afraid I can't. Mrs S would need to raise a new complaint with our service (within six months of LV's new final response), and we would then consider what happened after February 2024.

So, taking into account everything that happened up to LV's final response letter of February 2024, I remain satisfied that £2,000 compensation is appropriate and recognises the significant impact that LV's handling of the claim had on Mrs S.

My final decision

My final decision is that I uphold this complaint. I require Liverpool Victoria Insurance Company Limited to pay Mr and Mrs S total compensation of £2,000 (less any amount already paid).

LV must pay the compensation within 28 days of the date on which we tell it Mr and Mrs S accept my final decision. If it pays later than this, it must also pay interest on the

compensation from the deadline date for settlement to the date of payment at 8% a year simple.

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

Chantelle Hurn-Ryan
Ombudsman