

The complaint

Mr B's complained that Liverpool Victoria Insurance Company Limited ("LV") declined the claim he made for damage to his property, which he says was caused by his neighbours.

What happened

Mr B has had difficulties with his neighbours since they moved into the property adjoining his. His previous neighbour had issues with their property flooding and leaking. Work done by his current neighbour to correct this has effectively rerouted the issues to Mr B's property. And that work they have done on their property has caused other damage to his home. He has tried to get matters resolved through various agencies but without success.

Mr B initially contacted LV to use the legal expenses insurance (LEI) that forms part of his policy to get legal advice on pursuing the matter through the courts. That course of action was unsuccessful. Mr B raised a complaint about the LEI which has been dealt with separately.

Mr B subsequently made a claim under his buildings insurance cover for cracks which appeared in his garage wall, and damage caused by his neighbours' constant hammering over a number of days. LV considered the claim under both the subsidence and malicious damage categories of cover, but decided the damage didn't fall within either heading. Mr B complained, but LV didn't change their decision. So Mr B brought his complaint to the Financial Ombudsman Service.

Our investigator reviewed all the information provided by both parties and concluded LV's decision that the damage to Mr B's property wasn't caused by an insured peril was fair. But she said LV should alter the entries they'd made in the insurer's CUE database to remove references to subsidence, as they'd determined there wasn't a subsidence claim to make – and it was possible that referring to subsidence would make it more difficult for Mr B to get insurance in future.

LV confirmed they agreed with the investigator's view. But Mr B didn't. So the matter's been passed to me to make a 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.

Having done that, I'm upholding the complaint. But I don't think LV need to do any more than they agreed to when they received the investigator's view. I'll explain why.

Mr B's sent us extensive information about the issues he's had since his neighbours moved in and what he's done to try and address those. I was sorry to read about the difficulties he's had – and continues to have. But my role here is very limited. It's to decide if LV came to the conclusions they made about his buildings insurance claims fairly and reasonably.

I can see Mr B commissioned a report on the state of his home in summer 2022. This concluded that the neighbour's work on their own property had caused damage to Mr B's home. It recommended seeking legal advice as to next steps.

Towards the end of 2022, Mr B contacted LV. He told them he was finding it difficult to live in his property. I can see from LV's notes of the conversation that the call handler told Mr B they wouldn't become involved in a dispute between neighbours. But they could investigate whether the damage his property had suffered was due to subsidence. The notes record Mr B was happy to proceed on this basis.

LV commissioned a report, which concluded the property hadn't been damaged by subsidence. They then commissioned a second report to establish whether there was a claim based on malicious damage/vandalism. This too concluded there was no claim.

Insurance policies don't provide cover for every eventuality. Rather, they provide cover if damage is caused by one of the policy's "insured perils".

Mr B's policy provided cover for both subsidence and malicious damage/vandalism. So I think it was fair for LV to consider whether there was a claim under these perils. The report relating to subsidence confirms the damage to the property isn't consistent with movement of the foundations. I'm satisfied from this it was fair to say no claim could be made under the subsidence cover on the policy.

And the report on malicious damage concluded the damage to Mr B's home was likely to be the result of poor workmanship, rather than malicious intent. Mr B's policy doesn't include cover for damage caused accidentally during renovation or DIY works.

I accept Mr B strongly disagrees with the conclusion his neighbour didn't deliberately cause damage to his home. But I've not seen any evidence that supports the damage was done intentionally, as opposed to accidentally. Without such evidence, I think it was fair for LV to conclude there was no basis on which to consider a claim for malicious damage/vandalism.

I acknowledge Mr B is likely to be unhappy with my decision because it doesn't resolve the issues he's facing. But, as I've explained, I can only consider the potential buildings claims LV investigated. I think their decisions that the damage wasn't caused by an insured peril were reasonable, based on the available evidence. And they've agreed to amend the CUE entries. I don't think they need to do anything beyond that to resolve Mr B's complaint.

My final decision

For the reasons I've explained, I'm upholding Mr B's complaint and asking Liverpool Victoria Insurance Company Limited to do as they agreed and amend the entries they made on the CUE database.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 20 June 2025.

Helen Stacey
Ombudsman