

The complaint

Mr and Mrs I are unhappy with how their claim was managed by Liverpool Victoria Insurance Company Limited (“LV”) under their home insurance policy. They weren’t happy with the quality of repairs carried out, nor that their premiums increased significantly in the year following the claim.

What happened

Mr and Mrs I’s dishwasher leaked, so they made a claim to LV for the damage that was caused by the leak to their “real wood” flooring and kitchen cabinets.

LV accepted the claim and appointed contractors to manage and complete the works on their behalf.

Mr and Mrs I were unhappy with the standard of repairs – they thought the work was poor quality and raised several issues with LV. Mr and Mrs I were unhappy with the response to their issues. Mr and Mrs I felt LV didn’t take ownership for what happened and felt they were left to have difficult conversations with the trades people themselves.

Mr and Mrs I have lost trust in the contractors and are unhappy their kitchen remains unfinished 12 months after making the claim. They are unhappy the renewal for their insurance has increased significantly.

LV said there were actions in place for the contractors to rectify the damage and they have explained in generic terms why the insurance premiums have increased.

Our investigator decided to uphold the complaint. He told LV to arrange for its supplier to rectify the repairs and he said LV should pay £200 in compensation for the distress and inconvenience caused. However, he thought LV’s pricing was fair. Mr and Mrs I disagreed, so the case has been referred to an ombudsman.

My provisional decision

I made a provisional decision on this on 7 May 2025. I said:

“I’m pleased that LV accepted our investigator’s findings, as it shows that it has acknowledged that the claim wasn’t well managed. However, Mr and Mrs I aren’t happy the same contractors will be deployed as they’ve lost trust in their work.

My role is to look at the complaint independently from our investigator and use the evidence held on file to make my decision. There are some quite detailed points to the complaint, however, for ease of understanding I will try to keep my reasoning simple and straightforward. But rest assured, I’ve carried out a detailed review of the evidence that has been provided.

It is commonplace in the industry for insurers to contract the management of a claim to another party and for different trades to be contracted to complete the works. So, the model LV has followed isn’t unusual.

However, it's clear the claim has been managed poorly. LV own the process and are experts in claims management, whether it chooses to do it itself or outsource it to another party. It is clear in this claim, Mr and Mrs I have been let down. A year has passed since the claim was made, and the work hasn't been completed to a satisfactory level. By any standards this is unacceptable, so I intend to uphold this complaint.

When Mr and Mrs I had their claim accepted, their expectation would be that a professional service would hold their hand and guide them through the process. From the evidence I've seen, I don't think this has happened. The contractors coming in to do the work have been poorly briefed and prepared, and it has contributed to a poor experience. Mr and Mrs I have tried escalating their issues, but LV have simply referred Mr and Mrs I back to the same contractors they have had problems with.

Mr and Mrs I have been left to have very difficult conversations, when they shouldn't have needed to. LV have failed in their responsibility of providing an effective claims management service. It has let down Mr and Mrs I at the time they needed help the most.

I've found the testimonies provided by Mr and Mrs I to be persuasive, they come across as measured and reasonable people. They've tried to escalate their issues where they can, but they don't feel it is getting them anywhere. I think LV could've done more to get hold of this claim and put it on a more acceptable trajectory.

Whilst the evidence on file is clear that both sides agree there are outstanding issues to be addressed, with the breakdown in communications between Mr and Mrs I and the contractors, I don't think asking the same contractors to come into do the rectification works is ideal. I think it could further cause breakdown in the relationship.

However, on the other hand, I also think it will be awkward to bring new contractors in for a small scope of rectification works. It could cause problems getting the same materials sourced; new contractors may not want to take on such work. So, weighing this up, I think LV should still be able to use the same contractors to rectify the works if it feels this is the best approach.

However, I think LV need to take more ownership of this claim and need to ensure that there is agreement between the parties on what the outstanding work is. Therefore, I intend:

- Within three weeks of Mr and Mrs I accepting my decision, that LV arrange for a suitable "qualified individual" from LV (ideally) or if it doesn't have the skills a "qualified individual" contractor (who hasn't been part of the claim) to attend Mr and Mrs I's property to listen to their concerns, review the work that has been done (in line with the policy conditions) and to recommend what needs to be done to rectify the situation, agreeing these actions with Mr and Mrs I. The qualified individual will remain Mr and Mrs I's contact point for the remainder of the claim and has authority to make decisions in relation to the claim and will keep close a close eye on the claim (so ensuring contractors are arranged promptly, work is being carried out and checking in with Mr and Mrs I that they are happy).*
- Following the agreed actions have been set, LV's appointed contractors (or new contractors it feels this is better) rectify the remaining works within a reasonable timeframe.*
- The qualified individual should re-attend the property to sign the works off with Mr and Mrs I.*

I think the appointment of a key point of contact "the qualified individual" will provide Mr and Mrs I with better management of the claim to ensure their issues are dealt with promptly.

For the delays in progressing the claim efficiently, poor management and workmanship issues, I think Mr and Mrs I have been significantly impacted. The issues have lasted for some time, will have caused frustration and inconvenience, so I intend to award £400 compensation.

Mr and Mrs I were unhappy with the significant increase in their premiums, where the premiums have at least doubled.

LV have shared a lot of information in relation to these increases. I'm not at liberty to share this information as it's commercially sensitive, but rest assured I've reviewed what has been sent and the reasoning that has been provided.

In generic terms, LV has explained that the number of claims has increased by 50% and the value of claims has increased by 70%. However, LV has provided a lot of detail explaining the basis of its charging and how it has changed over time. LV has explained how Mr and Mrs I's claims history has impacted their specific premium, but also wider changes to the methodology and how they've applied different weightings over time to different risks and loaded these differently based on their attitude to risk.

Setting prices is a commercial decision for insurers and the industry is competitive, so it is to some extent up to insurers to assess the risk they are willing to accept and to price in a way to win customers. What's important when it comes to pricing is that individuals aren't treated differently or discriminated against. I've reviewed the details provided and I'm persuaded Mr and Mrs I have been treated the same as any other person would've been with the same circumstances. I haven't seen any evidence to show Mr and Mrs I have been treated unfairly. So, I don't uphold this aspect of the complaint".

Responses to my provisional decision

LV accepted my provisional decision and it didn't have anything further to add.

Mr and Mrs I said "[We] have misgivings that the current contractor will be able complete the job. Your proposal to have a separate person from LV to coordinate all comms and inspecting their work is most welcome. Appreciate the time and consideration you have given to our case".

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 neither party has provided any new information, I see no reason to change my provisional decision.

My final decision

My final decision is that I uphold this complaint. I require Liverpool Victoria Insurance Company Limited to:

- Within three weeks of Mr and Mrs I accepting my decision, that LV arrange for a suitable "qualified individual" from LV (ideally) or if it doesn't have the skills a "qualified individual" contractor (who hasn't been part of the claim) to attend Mr and Mrs I's property to listen to their concerns, review the work that has been done (in line with the policy conditions) and to recommend what needs to be done to rectify

the situation, agreeing these actions with Mr and Mrs I. The qualified individual will remain Mr and Mrs I's contact point for the remainder of the claim and has authority to make decisions in relation to the claim and will keep close a close eye on the claim (so ensuring contractors are arranged promptly, work is being carried out and checking in with Mr and Mrs I that they are happy).

- Following the agreed actions have been set, LV's appointed contractors (or new contractors it feels this is better) rectify the remaining works within a reasonable timeframe.
- The qualified individual should re-attend the property to sign the works off with Mr and Mrs I.
- Pay £400 compensation – for distress and inconvenience.

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

Pete Averill
Ombudsman