

The complaint

Mr and Mrs S complain that Liverpool Victoria Insurance Company Limited (“LV”) declined a claim on their home contents insurance policy.

Mr and Mrs S are joint policyholders but Mr S has dealt with the claim and the complaint so I’ll mostly refer to him.

What happened

In 2018 Mr and Mrs S moved into a flat. They were leaseholder owners of their flat and the freeholder was responsible for the building. They took out a contents insurance policy, together with legal expenses cover. LV is the insurer for both.

Mr S says they first became aware of a problem with the building in 2019, when they noticed a mark on the ceiling. They notified the freeholders, who said there was a leak and this would be repaired. Some repairs were attempted but didn’t resolve the problem and further inspections revealed serious issues with the structure of the building.

Mr S engaged in further discussions with the freeholder about the building defects. In 2022 he made a claim on the legal expenses insurance. LV appointed its panel solicitors to act for him but he was unhappy with their conduct of the case. He took over the claim himself and subsequently reached a settlement with the freeholder.

In 2024 Mr S contacted LV saying he wanted to claim on the contents insurance for carpets which had been ruined by water damage. LV declined this claim. It said

- The damage did not happen as a result of a one-off insured incident; it was due to defects in the buildings and happened over a period of time while Mr S waited for repairs to be done. This was a gradually operating cause, which is specifically excluded.
- Mr S didn’t tell LV at the time and didn’t allow the opportunity to inspect the damage and validate the claim.

When Mr S referred the complaint to this Service, our investigator said it was fair for LV to decline the claim as Mr S hadn’t shown the damage was caused by an insured peril, and the delay in making the contents claim had prevented LV from investigating and assessing the damage.

Mr S disagreed and provided further comments but the investigator didn’t change her view. As no agreement has been reached, I need 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.

This matter has been ongoing for several years, and we have received extensive comments. I won't comment in detail on every single point that has been raised and will focus on the key points that are relevant to the outcome I've reached. This is in line with our role, which is to provide an impartial review, quickly and with minimal formality. I use my judgement to decide what's fair, based on the main crux of a case.

In making my decision I've taken into account relevant law, rules, guidance and standards including the Insurance: Conduct of Business sourcebook (ICOBS) and the Consumer Duty. Amongst other things, the rules and guidance say insurers must deal with claims promptly and fairly, support a policyholder to make a claim, and not unreasonably reject a claim.

The starting point when deciding whether the claim was handled fairly is the policy terms. No insurance policy will cover every risk that may result in a policyholder suffering financial loss. It's for insurers to decide which risks they want to accept. Insurance is always subject to terms and conditions that limit the insurer's liabilities to its policyholders.

Mr S has explained in some detail how challenging the situation was. Their flat suffered extensive damage and it was only after pursuing legal action that he reached a settlement with the freeholder. In the meantime they were living in very difficult circumstances. I appreciate how distressing the situation would have been for them, but I think it was fair for LV to decline the contents claim, for the following reasons:

- The contents policy sets out the insured perils that LV has agreed to cover. Mr S needs to show the damage he claimed for was caused by one of these perils. For the purposes of this claim, the relevant perils are 'Water or oil leaking from any fixed tank, domestic appliance or pipe.' (generally referred to as an escape of water) and 'Storm'. LV considered both of these.
- There's no evidence water escaped from any internal plumbing and so it was fair for LV to say this insured peril wouldn't apply.
- Mr S says this was storm damage - water got into the roof void due to the roof being lifted during storm weather.
- For a storm damage claim, the first point to be satisfied of is that there was a storm on or shortly before the date the damage is said to have occurred. Mr S hasn't provided evidence of this. It's not even clear precisely when the damage happened. He hasn't been able to show there was a storm at any given time, which caused the damage to happen at that point.
- Although Mr S says the roof lifted during a storm, his explanation of how the damage happened refers to expert advice that the roof had not been constructed properly; condensation built up and water was able to enter the space. Over the years, water spread through voids in the building all the way to ground level and into the garage. This water entered the floors in the building, including under the floors into their flat.
- So from his own explanation, this wasn't a one-off storm event. Even if the roof was lifted during a storm (and I don't think Mr S has shown it was), the evidence indicates damage happened progressively over a period of time as water spread through the building.
- I've also considered whether this was accidental damage, which is another insured peril. But that's defined as "*damage caused suddenly by external means which is not expected and not deliberate.*" For the reasons set out above, the evidence doesn't show the damage happened suddenly.
- The policy excludes anything which happens gradually. As the evidence indicates the damage did happen over a period of time, it was fair for LV to refer to this exclusion as well.

- Mr S didn't claim on the contents insurance until 2024. He says when he sought legal assistance this was also notification of the contents claim, but he couldn't pursue it at that time because he had to await the investigations into the damage and possible repairs. He had no control over the building, which was the freeholder's responsibility and it wasn't until solicitors advised he couldn't obtain relief for the soft furnishings in the legal claim that he claimed for the contents.
- Although Mr S says notifying LV of the legal expenses claim amounted to notifying a contents claim, I don't think there was a claim LV could consider under the contents insurance – as Mr S himself says, he didn't pursue that while the legal action was ongoing.
- I appreciate some of this was outside Mr S' control. He was in an extremely difficult position and he was trying to mitigate his loss. But the reality is that LV wasn't dealing with a contents claim until 2024. By then, Mr and Mrs S no longer lived at the property, the carpets couldn't be examined and LV wasn't able to investigate this in the way a claim would normally be investigated.
- Mr S has referred in some detail to the legal expenses claim. While LV is the insurer for both, they are separate and have different terms and conditions. Legal expenses claims are dealt with by a claims handler, separate from LV and claims are made through a legal helpline. I don't consider making a legal expenses claim amounted to making a contents claim; they are notified separately under their respective claims procedures and handled separately.
- Mr S says the evidence he provided to the solicitors would also prove the contents claim, but that evidence was lost. This complaint is only about the contents claim and I can't comment on how the legal expenses claim was dealt with. If he's unhappy with that claim, he'd need to complain about that separately. If he's unhappy with anything the solicitors did, that would need to be addressed through the solicitors' complaints procedures.

My final decision

My decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 5 December 2025.

Peter Whiteley
Ombudsman