

The complaint

Mr C complains about delays and a lack of communication from Liverpool Victoria Insurance Company Limited ('LV') in dealing with a claim made on his home insurance policy.

References to LV include its agents.

What happened

The events of this claim will be well known to both parties, so I'll only briefly summarise what happened here.

On 20 April 2023 Mr C's home suffered severe damage due to a fire and he contacted LV the same day to make a claim on his home insurance policy. The extent of the damage rendered the home uninhabitable, and Mr C was able to secure a long-term rental property for him and his family to move into. LV agreed to cover the cost of this under the alternative accommodation benefit in his policy.

In the months that followed, LV investigated the claim and concluded the building would need to be demolished and rebuilt. In March 2024 a draft scope of works was completed by LV and a copy provided to Mr C. However, Mr C considered it to be incomplete, so he appointed his own surveyor to complete another scope of works.

Mr C complained to LV about a lack of communication and delays on his claim, which he thought had unfairly caused his alternative accommodation policy limit to be reached resulting in him having to personally fund additional alternative accommodation costs as the claim continued.

LV provided a final response to this complaint on 24 April 2024. It said it agreed there were some specific delays on the claim and a lack of communication on occasion and in recognition of this it agreed to pay Mr C £750 compensation. Additionally, due to the delays, it said if the alternative accommodation limit became exhausted, it would extend this by two months.

Dissatisfied with this response, Mr C brought his complaint to us. Our investigator acknowledged that Mr C's claim had continued beyond the final response LV had provided on 24 April 2024, but said we couldn't consider the events after this as LV. So, he said if Mr C was dissatisfied with anything which had happened after this final response, he'd first need to make a new complaint directly to LV to give it an opportunity to respond.

Having considered the events on the claim up to the 24 April 2024 final response, the investigator thought the £750 compensation LV had agreed to was fair. But because of the delays on the claim, the investigator thought LV should continue to cover Mr C's alternative accommodation costs until his property became habitable again. In addition to this, the investigator recommended LV pay Mr C interest on council tax he had paid between April 2024 and April 2025.

LV didn't agree saying that having carried out a thorough review of the claim it couldn't identify any delays beyond the two months already accounted for within the additional alternative accommodation it had already agreed to pay in its final response.

Because LV didn't agree, the complaint was referred to me to decide. I issued a provisional decision find that LV had already offered to resolve the complaint in a fair and reasonable way, and I said:

"Having done so, I find LV has already offered to resolve this complaint in a fair and reasonable way. So, I don't intend to require it to do anything more than what it has already agreed to. I'll explain why.

I'd like to firstly express my profound sympathy to Mr C and his family for the devastating loss of their home. Having read Mr C's account of events, I don't doubt how challenging this experience has been or the emotional toll it has taken, and I wish him and his family well with their new home.

I've only very briefly summarised above the key events on this claim, but I am aware there was a great deal more interaction between Mr C and LV, and steps in the claim than what I've outlined. I would like to assure Mr C and LV that I've read and considered everything they have provided, but I won't be commenting on every point made. I'll instead concentrate in this decision on what I consider are the key points I need to think about for me to reach a fair and reasonable decision. This isn't meant as a discourtesy to either party, but reflects the informal nature of this Service.

It may be helpful if I set out here what I will be considering within this decision. I understand that Mr C's claim was still ongoing when LV sent him its final response on 24 April 2024. But under our rules, I can't consider a complaint until the business which it is about has first had an opportunity to address the complaint and either has provided a final response, or more than eight weeks have passed since the date the complaint was first made.

LV provided a final response which covers the delays and communication issues from the start of the claim up until the date of its final response on 24 April 2024. So, I'll be considering in this decision these issues up to the date of LV's final response. If Mr C is dissatisfied with anything that happened on his claim after LV provided this final response, he'll first need to make a new complaint directly to LV.

I've looked at Mr C's policy terms. These say he is covered for alternative accommodation up to a limit of £50,000 if his home is damaged and cannot be lived in. It isn't unusual for a home insurance policy to have limits for the benefits the policy provides, including for alternative accommodation cover. Ultimately, it would be for LV to decide whether to set an alternative accommodation limit in the policy terms, and if so the amount. So, I don't find the presence of the limit itself to be unfair.

However, after making his claim Mr C was relying on LV to settle the claim expeditiously - particularly because the alternative accommodation limit imposed a risk of him having to fund his own alternative accommodation were his home not rebuilt before the limit was reached.

Potentially, claims could arise where this limit is reached without LV having done anything wrong to avoidably delay a claim. So, the limit being reached doesn't automatically place fault of acting unfairly on LV.

But it would be unfair if LV has caused a consumer to incur a financial loss by avoidably delaying a claim and causing either the alternative accommodation limit to be fully used

when it otherwise likely wouldn't have been, or by causing a consumer to have to fund more or their own alternative accommodation than they otherwise would have needed to if delays had not happened.

LV agreed that there were some avoidable delays it had caused. But it didn't think the extent of these delays surpassed the two months of additional alternative accommodation it agreed to cover past the policy limit.

Given that the policy contained a £50,000 limit for alternative accommodation, I don't think it would be reasonable for LV to cover additional alternative accommodation without any limit if there were delays. Instead, I think any additional alternative accommodation LV should cover should reflect the total amount of additional alternative accommodation Mr C likely had to fund himself due to the delay. So, I've considered if LV likely delayed progress on the claim beyond the two months it's accepted it caused.

Mr C said he thought there were delays of around nine months caused by a three-month delay in LV requesting the designer provide a quote and start the work, and a six-month delay from the design being finalised the scope of works commencing.

LV said this was a complex claim with extensive damage and rebuild costs close to the sum insured of £1,000,000. And that the rebuild cost was high in part because of the high quality of fittings in the property, which it says Mr C took some time to provide supporting evidence of. In the circumstances, LV didn't consider a ten to eleven month, timeframe to initiate the reinstatement work to be unreasonable.

All insurance claims vary from one another in their circumstances and complexity. So, there isn't a set timeframe which I can say the claim should have taken. Given the severity of the damage and the need for Mr C's home to be rebuilt though, I find it likely this claim would always have taken a significant amount of time to resolve. But given the overall length of time it took for LV to produce a scope of works, I understand why Mr C didn't feel the claim was progressing quickly enough.

LV said the initial stages of the claim were dealt with swiftly, and Mr C also said he thought the claim was moving quickly up until around the middle of May 2023. But following this he thinks delays started, and he says after LV appointed a surveyor, it took until August 2023 for the surveyor to request details of the original architect who had renovated the property three years earlier.

But I don't LV were inactive on the claim between May 2023 and August 2023. During this period, I can see that contractors were appointed who carried out make safe work, and a structural survey was arranged and carried out which found the entire building would need to be brought down to foundation level.

By November 2023, LV had obtained proposals and costings from the original architect and structural engineers and had submitted planning permission to the local county council. And, while the reinstatement scope was being worked on at this time, an issue arose relating to the interior fixtures and fittings. LV had provisionally sought to reinstate these based on what it considered to be average for a property of this type. However, Mr C challenged this as he didn't consider it would align with the actual quality of fittings which had been present in his home. So, LV asked him to provide evidence to show the original quality of finish that was in the property.

Mr C says that the timing of this request was poor, and LV could have asked for this evidence earlier on in the claim. And because of him being away on business at the time and

the Christmas holidays, it took until the end of January 2024 for him to be able to provide LV the evidence it had requested.

However, unless there was evidence that LV knew or ought to have known about the original quality of the fixtures and fittings at an earlier stage of the claim, I do not consider that it caused an avoidably delay. In the absence of clear information about the previous specification, I do not find it unusual or unreasonable for LV to have initially based its scope of average fixtures and fittings, and then revised this upwards in the event evidence was provided to the contrary. As such, I do not think it was unfair for LV to request this evidence at the stage it did as this was the point at which it became aware of a higher than average specification of fixtures and fittings.

LV acknowledged, though, that its intentions were to provide a schedule of repair without the internal fixtures and fittings by early January 2024, but it failed to do so and should have communicated better with Mr C on this point.

After LV were provided the evidence on the internal fixtures and fittings, it completed a full draft scope on 12 February 2024, but it didn't release this at the time saying that several queries arose as part of its validation checks. It also explained that the original surveyor took unexpected leave with another surveyor stepping in and the scope being released on 12 March 2024. LV acknowledged that this did result in a delay on the claim. Following this, I understand Mr C decided to appoint his own surveyor.

Having considered the timeline of events and the supporting evidence, on balance I don't find there to have been avoidable delays caused by LV on the claim which exceeded two months. So, while there were some delays which I think likely did prolong the claim, and hence avoidably would have required Mr C to need to stay in alternative accommodation for longer, I think LV's offer to cover an additional two months of alternative accommodation costs beyond the policy limit was fair.

I emphasise here though that I have only considered the events on the claim from when it was reported to when LV provided its final response on 24 April 2024. I make no findings on what happened on the claim after this final response. And as I set out earlier, if Mr C is dissatisfied with anything which happened on the claim after this date, including any delays he thinks LV caused after this date, he will in the first instance need to make a new complaint directly to LV.

LV didn't dispute on occasion there was a lack of communication on the claim. And in recognition of this, and the delays, it agreed to compensate Mr C £750. I've considered if this amount is fair and reasonable.

I think Mr C would have been inconvenienced where there was a lack of communication as this would have resulted in him needing to chase for updates and given the severity of the circumstances with Mr C having lost his home, I think any service issues on the claim would have caused a lot of upset. Ultimately, although Mr C and his family were living in alternative accommodation, it's reasonable to expect he would be keen to ensure the claim proceeded smoothly and his home could be rebuilt as soon as possible. And, given the risk of delays expending the alternative accommodation policy limit before the home was rebuilt, any perceived or actual delays on the claim likely would have heightened the level of distress.

£750 is on the upper end of what we might award where significant inconvenience, and considerable distress has been caused. And in the circumstances, I find the amount to be fair, reasonable and in line with our award levels for the distress and inconvenience caused to Mr C by LV through its handling of the claim. So, I don't intend to require it pay more than this for this complaint.

Lastly, the investigator recommended LV pay interest to Mr C for council tax payments covering the period between April 2024 and April 2025. But given that this council tax was incurred after LV's final response of 24 April 2024, LV did not comment on any dispute about council tax payments in its final response, and I haven't seen evidence clearly showing Mr C complained or raised a dispute about council tax with LV prior to this final response, I don't intend to make any finding on whether LV should make any payment to Mr C for either council tax, or interest on council tax paid.

Accordingly, if Mr C thinks there are council tax costs which LV has unfairly declined to cover, he will in the first instance need to complaint directly to LV about this."

LV replied saying it had nothing further to add. Mr C replied disagreeing with my decision and in summary he said:

- LV should have known from the day after the fire that the architect's involvement and information on how the house would need to be finished would both be requirements.
- LV took five months to produce a scope of works which took his own surveyor only two weeks to do, and once complete, LV's scope wasn't to a sufficient standard to be able to tender with.
- Delays could have been avoided had the tender gone out before Christmas 2023.

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 considered Mr C's response, I've reached the same conclusion as I did in my provisional decision and for the same reasons. I'll explain why.

I've considered Mr C's comments about the fixtures and fittings, but I still think LV didn't reasonably have enough prior information to foresee a dispute around these. Mr C says LV caused a delay by not requesting the architect details earlier. Mr C said in his complaint form it took until 8 August 2023 for LV to ask for the architect's details which was three months after it had accepted liability for the claim. This aligns with the timeline LV have provided which shows the architect's details were obtained from Mr C in August 2023. The loss adjuster said drawings from the original architect who designed the renovation would be required for building regulations approval and tender.

It won't always be necessary for an architect's involvement in a claim and potentially it could introduce unnecessary costs into the claim if their involvement is prematurely requested and wasn't necessary. Between the claim being reported and the architect's details being requested LV carried out work to make the property safe following which a structural survey was able to be carried out in July 2023. Ultimately, I don't think these were unnecessary steps in the claim and I don't think it was unreasonable for LV to await the structural survey before assessing what was required for reinstatement. So, I don't think it unfairly delayed requesting the architect's details.

Mr C says that there were delays due to how long it took LV to produce a scope of works and that delays could have been avoided if the tender had gone out earlier before Christmas 2023.

LV issued the scope of works to Mr C in March 2024 but it had already completed a draft scope in February 2024. However, LV didn't dispute its original aim was to complete this scope by the end of January 2024 and that once there was a delay with the scope due to the loss adjuster taking unexpected leave. So, LV hasn't disputed that there were some delays in providing the scope of works. But other than the delays LV has acknowledged, I don't find it's been shown the delays in providing the scope were to the extent of five months.

So, for the reasons set out here and in my provisional decision, I find LV has already offered to resolve this complaint in a fair and reasonable way and have decided not to require it to do anything more than this.

My final decision

By agreeing to cover Mr C for an additional two months alternative accommodation beyond his policy limit and agreeing to pay him £750 compensation for the distress and inconvenience caused, I find that Liverpool Victoria Insurance Company Limited has already offered to resolve this complaint in a fair and reasonable way.

So, my final decision is that if it has not done so already, I intend to require Liverpool Victoria Insurance Company Limited cover Mr C for two additional months alternative accommodation – or reimburse him the cost of this if he has already paid for it - and pay him £750 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 21 August 2025.

Daniel Tinkler
Ombudsman