

## The complaint

Mr R is unhappy with the service provided by Liverpool Victoria Insurance Company Limited (LV) after it dealt with a subsidence claim for him under his home insurance policy.

## What happened

LV dealt with a subsidence claim for Mr R after it was reported to LV in 2019. To summarise, there was subsidence damage to rear of Mr R's property due to a combination of vegetation and drainage defects. In conclusion of the claim, the neighbours' vegetation was removed and Mr R's drainage repaired.

In 2024 Mr R contacted LV saying there is damage caused by the loss of value on his property due to disclosure of defects to buyers and mortgagors. Mr R further said he'd like to pursue his neighbour for these losses.

LV didn't respond to Mr R's complaint on time, and so Mr R referred his complaint to the Financial Ombudsman Service. The Investigator found that the service provided by LV was reasonable. Mr R didn't agree with the Investigator's findings. As the complaint couldn't be resolved, it has been passed to me for 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 thank Mr R for taking the time to explain the crux of his concerns. I understand it has been a stressful time for Mr R. I'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that has happened or been argued is set out above, I've read and considered everything that has been provided.

When we investigate a complaint about an insurer's decision on a claim, our role is to consider whether the insurer handled the claim in a fair and reasonable manner. And after considering the evidence, I'm persuaded, on balance, that LV has acted fairly and reasonably. I'll explain why.

Generally, if a property has been repaired, then the insurer has discharged its duty under its contract of insurance. The policy terms for Mr R's policy says LV will '*not pay for any reduction in value.*' This is considered a consequential loss and it's not something insurance policies generally cover.

Mr R has referred to the loss of value on his property. But as it stands this loss is speculative. I haven't seen any evidence of the market value of Mr R's property being adversely impacted as a direct result of anything LV did, or failed to do, when dealing with Mr R's subsidence claim. Also, the cost of the repair work carried out by LV, in comparison to the market value of Mr R's property, is nominal. So based on what I've seen, I can't say that that Mr R's property has suffered a loss in value, and that LV is responsible for this loss.

Mr R has also referenced the 'ABI Domestic Subsidence Tree Root Claims Agreement Third Party Liability.' Mr R says LV has unfairly relied on the provision that says '*not to pursue recovery against the insurers of the owned/tenanted/ occupied property responsible for the liability of the tree root encroachment regardless of whether the damage has been caused wholly or partly as a result of the tree root encroachment.*'

I've carefully considered Mr R's comments and recognise his strength in feeling about what this provision means for his ability to pursue a claim against his neighbour/ his neighbour's insurer for any losses. But having considered the evidence and what has happened, I'm satisfied LV's actions have been fair, and in line with what we'd expect in the circumstances.

I say this because the spirit of the agreement is to ensure co-operation between parties where more than one insurer is involved in a subsidence claim. LV dealt with the repairs as we'd expect it to, and Mr R was charged the policy excess in line with his policy terms. In the circumstances we wouldn't expect the excess to be recovered from the third party insurer (TPI). So, I don't agree that LV has acted unfairly in failing to pursue the TPI for this amount.

LV accept that its communication with Mr R was poor as it didn't respond to Mr R's concerns about follow up questions concerning his claim in good time. Having considered this poor service and the nominal impact on Mr R I'm persuaded £100 compensation for the distress and inconvenience caused is fair and reasonable, and in line with our approach. It is for Mr R to decide if he wants to accept this.

### **My final decision**

For the reasons provided I uphold this complaint. Liverpool Victoria Insurance Company Limited must pay Mr R £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 11 September 2025.

Neeta Karelia  
**Ombudsman**