

## **The complaint**

Mr M and Ms S have complained about their home insurer Liverpool Victoria Insurance Company Limited, regarding a claim they made to it for damage caused by a water leak back in 2020. They believe LV handled things poorly, causing them upset and that they've been left out of pocket for repairs.

For ease of reading, I'll mainly only refer to Mr M during the body of this decision.

## **What happened**

There was a water leak in 2020. LV was contacted, some damage limitation works were done but full reinstatement had to be postponed due to Mr M's health and his need to self-isolate. Reinstatement began in October 2021 and was expected to complete in around six weeks. For the first few days of work, LV said Mr M could stay in a reasonably priced hotel, with a meal allowance (disturbance allowance, DA) of £10 per person per day. LV then agreed that, with the couple returning home, it would pay £1,400 as a DA of £12.50 per person per day for eight weeks from 25 October until mid-December 2021.

The works were not completed to a good standard. Rework had to be done, initially in January 2022, but that was also to a poor standard, so LV sent different contractors back to the property in May 2022. That work was also poor and wasn't completed as the contractors left site (Mr M says they left without notice, LV says that Mr M wasn't prepared to let them continue work). LV said Mr M would have to provide a quote for the remaining work.

In September 2022 Mr M, having initially provided a quote in August, provided an additional breakdown. The decoration works alone were priced at £10,600. There were other issues of poor work, including damage to fixtures and fittings and radiators to reinstall. LV agreed to some costs put forward by Mr M, such as for reinstalling radiators (which Mr M had paid to have done) but not other things, and it felt the decoration quote was still vague, likely over priced and possibly covered elements it was not accepting as necessary. In April 2023 LV made a final offer to Mr M. It said it would offer settlement to Mr M based on the original price to it for the insured work (scoped in 2021) - £4,665, and then, plus some other items, its total settlement would be £5,893.08. The total of this sum was not accepted by Mr M – but he did agree to elements of it. LV, presumably because a blanket acceptance was not given, did not pay the proffered sum.

Following its assessment of complaints made by Mr M, LV issued a Final Response Letter (FRL) in July 2024. It maintained its offer was fair – it said this could be accepted and Mr M could still complain. It said it accepted poor work had been done and upset had been caused – it offered £1,000 compensation to Mr M which he could accept and still complain. LV said it wouldn't cover the hotel or food costs because that sum was accounted for in its payment of £1,400. It said it wouldn't pay a DA for the second period of rework in May 2022 as the home was not uninhabitable at that time. LV said it wouldn't replace undamaged blinds which now did not match ones which needed replacing because of its poor work. LV was not prepared to make a payment to Mr M for 'loss of use' of parts of his home for an extended period (on account of repairs not being properly completed).

Unhappy with LV's response, Mr M brought his complaint to the Financial Ombudsman Service. Our Investigator felt LV had failed Mr M and made some suggestions for remedy, but he did not agree with everything Mr M wanted. LV accepted the findings. Mr M did not.

The complaint was referred to me for an Ombudsman's decision. Around that time LV agreed that it would consider a quote from Mr M for some outstanding issues, namely "move our furniture and belongings back downstairs (they are still upstairs), clear the rubbish left behind (which is not part of the contract clean), re-fit the light switch, etc". Mr M said he is trying to source a quote but is finding it difficult to get a contractor to commit.

I then reviewed the complaint. I was minded to find differently to our Investigator. I felt LV should be making a number of payments to Mr M and Ms S, including paying a total of £3,500 compensation. Provisionally I said:

*"I think LV made some key errors here:*

- It completed poor work. Not once but three times.*
- It then left its policyholder to sort out the mess it had made.*
- It didn't complete a scope of works to determine exactly what was required to sort everything out.*
- Its idea to resolve matters was to say it would pay Mr M the original cost to it of the original work.*
- It refused to increase its offer to take account of the cost to Mr M of completing work, time and again saying it could only base its settlement on the cost to it.*
- Even when it determined, in April 2023, what it felt it should pay to Mr M, it made no payment.*
- Even in its FRL it didn't say it would arrange to make a payment – but it did at that stage say payment could be accepted whilst the complaint was pursued.*
- It, at best, was mistaken about the period the hotel costs were claimed for against the DA cost it had agreed of £1,400.*

*I accept that Mr M has been left with costs and losses as a result of LV's failings. Also that he and Ms S were caused substantial distress and inconvenience over a sustained period. I'm minded to require LV to do a number of things to put matters right. But there are some things which I won't be requiring LV to do. I've dealt with them first.*

#### Replacement bed

*Mr M said LV's contractors damaged it, such that he couldn't use it. LV didn't think it had damaged the structure of the bed – such as bending supports and feet. It said that was likely wear and tear. Mr M said he eventually had this repaired by friends and has been able to use it again. As the bed is in use, and there was no formal finding made by an expert on the damage, I can't reasonably require LV to replace it.*

#### DA for second period of re-work

A DA is paid by insurers where its policyholder stays in a home when they should otherwise be placed into like-for-like alternative accommodation (AA), and/or when they are placed in AA which is not like their home, such as a hotel. This allowance is intended to cover the likely extra but unquantifiable costs of living somewhere which is not like your undamaged home. LV agreed to pay DA for the initial works and the first period of reworks. Mr M says the situation with the house was the same for the second period of reworks, so LV should pay DA for that period too. I can see why Mr M might think that would be logical – but paying DA initially wouldn't necessarily by itself mean that should be paid again.

When the second period of rework occurred, it was May 2022. As far as I can see that commenced with work to replace or refit skirting boards, and decorating was to be done. The radiators downstairs needed refixing too. As far as I can see the only time the property would likely have been uninhabitable – ie without key functions such as cooking and heating – would have been when the heating system would have been disconnected for refitting the radiators. As I understand it the work did not progress that far and it was October 2022 when Mr M replaced the radiators. I'm not persuaded I can fairly require LV to pay a DA for this second period of rework.

#### Loss of use of part of the property

Mr M says he wants LV to pay £22,400 for the period after the initial work was 'completed' in December 2021 through to the end of June 2024 because large parts of the house were unusable. Most of downstairs was packed up and stored elsewhere with the rooms in a state of partial disarray due to incomplete works. I appreciate that Mr M was caused a lot of disruption by LV's poor work. But that is accounted for by compensation for distress and inconvenience, "loss of use" of a home or part of it is not a separate head of compensation, and the 'loss' itself is not compensated for – rather the upset caused because of the disruption is. To manage Mr M's expectations – our compensation awards would not usually amount to the sum he has set out here, and we wouldn't base any compensation award of an amount per day/week or month (in the way a DA is paid and Mr M has calculated the sum of £22,400). I've set out my compensation award below."

I felt LV should do the following to put matters right:

#### "Redecoration costs

LV can't fairly insist on paying only its cost to repair. That is appropriate in some situations. But even if it was here, LV would have needed to show that its suggested settlement reflected the cost to it to reinstate the property in respect of the state it was left in in May/June 2022. Whereas what LV did was offer its original reinstatement cost from 2021. I appreciate that Mr M's quote was not ideal – I can understand why LV wasn't satisfied by the level of detail it contained. But the answer then was for LV to have completed a scope of work for the further (third instance of) rework. It could have priced that scope and/or shared it with Mr M to have their contractor apply their pricing. It didn't do that, nor did it pay to Mr M what it felt was due and Mr M has since gone ahead with work.

I'm currently of the view that LV should pay Mr M's quoted sum of £10,600. It should add interest to that sum, applied from the date of the revised quote – 16 September 2022 until its FRL of 24 July 2024. And then, as LV wasn't minded to adjust its settlement, on the sum of £5,935 (£10,600 less LV's offer for decorating of £4,665) from the FRL date until settlement is made. I've split the interest here because, at 24 July 2024, LV told Mr M he could take the settlement and still complain.

## Blinds

Mr M had matching blinds in the rooms of his home. LV's contractor damaged one and agreed replacement. However, that meant the three older remaining blinds would no longer match. This is not an uncommon instance in insurance claims and this Service has an established approach which we usually apply in that type of situation. The only difference here is that the 'loss' of match was caused by LV, rather than directly by an event covered by the policy.

Our usual approach is to say both parties pay towards the undamaged but no longer matching item. With the fairness of that approach predicated on the fact the 'loss of match' came as a natural result of the claim, also with the policy the claim is considered under only (usually) offering cover for damage. The 'loss' is no-one's fault, and it isn't covered by the policy, but the policy is meant to place the policyholder back in the position as if no loss had occurred – so sharing the cost of resolving the loss between the parties is fair.

I'm not persuaded that it would be fair to follow that approach to 'compensate' Mr M in this instance. Here the loss of match has occurred because of LV causing damage, the blind wasn't damaged by the event which led to the claim under the policy. So I'm minded to require LV to cover the full cost of replacing the remaining, faded but undamaged blinds, which I believe is £1,710. If Mr M has purchased these, and can present an invoice or proof of payment, interest should be added to that sum, applied from the date of payment until settlement is made.

## Pay sums accepted by Mr M

- £400 – extra utility costs, plus interest from 31 January 2022 (approximately six weeks after the initial reinstatement works during which this extra use occurred) until settlement is made. I haven't capped this interest at 24 July 2024 – Mr M had told LV before that date, in April 2024, that he would accept the £400 but LV didn't pay this sum to him.
- £828 – [M's] cost. I won't require interest to be added to this sum. Mr M hadn't told LV he'd accept it and only incurred the cost in August 2024. But LV had said in its 24 July 2024 FRL that the sum could be accepted and a complaint progressed.

## LV's offer to consider a quote from Mr M

LV has said it will consider a quote for the cost to Mr M of – “move our furniture and belongings back downstairs (they are still upstairs), clear the rubbish left behind (which is not part of the contract clean), re-fit the light switch, etc”. But Mr M is having difficulty obtaining a quote. And, after all of this time, I'm not minded to leave these remaining issues outstanding in that way. That wouldn't be fair to either party.

I've noted that Mr M has told us he had the light switch fixed, seemingly at no cost. And I don't know what the “etc” might be. However, given some general thought to likely labour costs and that it would most probably take a few hours to move things and clear rubbish, I'm not persuaded a contractor would undertake that work for less than £500. So I'm going to say LV should pay Mr M £500 as an initial nominal sum to allow him to get this work done. If it costs Mr M more than £500 then he can submit that invoice/quote to LV for consideration. That invoice/quote might, for example, give detail as to what the “etc” might be. To be clear though any invoice/quote submitted will need to contain a good level of detail for LV to be able to appropriately consider what the extra charge has been incurred for. Without detail LV will be unlikely to be able to consider paying more.

### Hotel costs and DA 21 to 24 October 2021

*On 18 October 2021 LV told Mr M that he could stay in a reasonably priced hotel when the works commenced and he would be given a food allowance (DA) of £10 per person per day. Mr M and Ms S then stayed in a hotel for four days. They paid for the hotel, along with the cost for food they'd charged to their room, on 25 October 2021. They returned home on the evening of 25 October 2021, and LV paid them a DA for eight weeks, commencing 25 October 2021.*

*The hotel cost was £429. LV should reimburse this sum, plus interest applied from 25 October 2021 until settlement is made.*

*The food charged to the room totalled £147.90 and they ate lunch out every day too. However, I'm not minded to make LV refund those costs. LV told Mr M that he could have a DA of £10 a day per person for the period in the hotel. As I said that is to cover the 'extra' cost of not being at home – it is not meant to cover all costs incurred. If LV had offered no direction about what price it would cover for 'extra' costs, then my view might be different – but LV was clear about the DA it would pay for this period and Mr M and Ms S stayed in the hotel on that basis. LV, of course, should have paid them the promised £10 per person per day much sooner. So I will now require it to pay them this sum – £80 – plus interest applied from 25 October 2021 until settlement is made.*

### Compensation

*Mr M has pointed out that this was or should have been a relatively simple reinstatement programme. I'm satisfied that if the initial work had been done satisfactorily, then the claim would have been resolved by the end of 2021. I completely understand that, by the point of LV's FRL in July 2024, the matter had gone on for two and a half years longer than it should have done. I've set out some key points/causes of upset from within that period:*

- *Two periods of rework were attempted, causing disruption.*
- *Mr M had to take on sourcing contractors and obtaining quotes.*
- *Many emails sent to LV weren't replied to in a reasonable time.*
- *Costs reasonably owed were overlooked and/or frustrating/incorrect answers were given.*
- *Mr M, in 2022, felt the need to begin paying, from his own pocket, for some of the remaining work to be done.*
- *The couple usually slept downstairs, with an assisted living bathroom on the ground floor too – it was October 2022 before Mr M restored the bathroom and the bedroom was only reinstated in 2024. As a result, they mostly lived upstairs since 2021, with Mr M sleeping in an unsuitable bed and needing assistance from Ms S to use the home's main bathroom. Their daily life was impacted for more than two years.*
- *The lounge downstairs remains as a storage room, as does the upstairs second bedroom – so they, until the point of LV's FRL, have not had access to all of their belongings for more than two years.*

*In a situation like this, taking into account the extended timeframe over which the chronic disruption occurred, I'm minded to require LV to pay Mr M and Ms S £3,500 compensation."*

*LV said it accepted most of my suggested awards. But it queried my application of interest on the sums of £5,935 (re-decoration costs) and £1,710 (replacement blinds). It said, regarding the £500 "nominal" sum – it had recently considered a quote from Mr M and paid £300 to cover that.*

Mr M said he was generally satisfied with my findings and, importantly, needed to be able to move on from this. He confirmed LV had recently paid £300 for the cost of moving furniture and that £1,000 compensation had been received previously in 2024.

### **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.

#### Redecoration costs

LV asked if it was fair to make it pay interest on the sum of £5,935 because 'this was offered in our FRL but declined by Mr M'. I can see why LV might be concerned about paying interest in such a circumstance. But LV's FRL offered Mr M only an unfairly and unreasonably limited sum for redecoration of £4,665. Albeit that was an unfair sum I have acknowledged in my findings that LV was clear that Mr M could have accepted that and still complained. Consequently I am only making it pay interest on the 'remaining' settlement sum of £5,935 (£10,600 less the £4,665 offered in the FRL). To be clear the total sum LV offered in its FRL was £5,893 – but that additional £1,228 (on top of the £4,665 which makes up this total sum) was for costs other than redecoration.

#### Blinds

LV noted the award of £1,710 is for three blinds. It said, if Mr M provides invoices, as it has already paid £570 for one blind – can interest just be applied against £1,140, not £1,710. To answer this, I'd draw LV's attention back to the detail of my findings – its contractor damaged one blind, which it paid Mr M to replace, but that left him with three blinds which no longer matched and which it would not agree to compensate him for. The sum I have awarded of £1,710 is for three blinds and, if Mr M provides an invoice for those three blinds interest will have to be applied on the whole sum.

#### £500 nominal sum

I thank both LV and Mr M for updating us about the settlement provided. I can see this occurred concurrently with me reaching and issuing my provisional findings. I also see though that the £300 LV has paid was against an invoice (or quote, it's not clear which) for moving furniture. That was only part of the work I had awarded the nominal sum for. I'm glad the parties have been able to reach some agreement on that but I don't think that substantially changes what I said should happen about this outstanding issue. Rather my award will be amended slightly to recognise the fact that both parties accept £300 has already been paid by LV in respect of this head of complaint. That still leaves £200 for LV to pay to Mr M and Ms S and it can still review further evidence of any costs over and above the £500 (total) sum, should they be presented.

#### Compensation

Mr M confirmed £1,000 compensation has been received from LV. I'll adjust my award accordingly. This won't leave Mr M any worse off though – my assessment was always that £3,500 compensation was fairly and reasonable due for the upset caused by LV during this period, having already received £1,000 of that sum just means that part of the award has already been satisfied by LV.

## **Putting things right**

I require LV to pay Mr M and Ms S:

- £10,600 for redecoration works, plus interest\*, with the interest payment to be split as follows; interest should be applied to the above sum from 16 September 2022 until 24 July 2024, and then on the sum of £5,935 from 25 July 2024 until settlement is made.
- £1,710 for replacing three blinds. If the replacements have already been purchased and Mr M can show proof of payment, an amount equivalent to interest\* applied on this sum, from the date of payment until settlement is made, should also be paid.
- £400 as reimbursement of extra utility costs, plus interest\* applied from 31 January 2022 until settlement is made.
- £828 as reimbursement of M's costs.
- £200 as a nominal, initial cost for "moving items, clearing rubbish, etc"
- £509 (£429 plus £80) as reimbursement of hotel costs and payment of DA, plus interest applied from 25 October 2021 until settlement is made.
- £2,500 compensation for distress and inconvenience, where my total award is £3,500 but £1,000 has been paid already.

I also require LV to:

Consider, with a view to making a payment for additional reasonable costs, any invoice or quote provided by Mr M to show costs in excess of £500 will be due or have been paid to complete the work 'moving items, clearing rubbish, etc'

\*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require LV to take off tax from this interest. If asked, it must give Mr M and Ms S a certificate showing how much tax it's taken off.

## **My final decision**

I uphold this complaint. I require Liverpool Victoria Insurance Company Limited to provide the redress set out and summarised above at "Putting things right".

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

Fiona Robinson  
**Ombudsman**