

The complaint

Mr C complains about Liverpool Victoria Insurance Company Limited's ('LV's') handling of his buildings insurance claim.

Any reference to LV includes the actions of its agents.

What happened

Mr C holds buildings insurance cover with LV. Briefly, in 2022, he made a claim after noticing cracking at his property. LV accepted the claim and dealt with it as subsidence. LV thought the subsidence was caused by a nearby tree (owned by the local authority), though there were also defects found to the drains. The local authority refused to remove the tree for a few reasons, including that the drains hadn't been repaired.

In 2024, LV decided to carry out drain repairs. Though there were some complications relating to the ownership of the drains, as well as the neighbouring property. After Mr C complained about the delays, LV issued a final response on 2 January 2025. Mr C remained unhappy and brought a complaint to this service. Our investigator considered what had happened and recommended LV pay Mr C £800 compensation. The parties agreed to this and that complaint was closed.

The claim then moved on. A drain survey took place in February 2025, and it was thought there was accidental damage to the underground pipes and drains (which was covered under the policy). LV said if Mr C paid the £350 excess, it would carry out the repairs. LV also said that once the drains were repaired, it would arrange for the assessment of any stabilisation work needed relating to the subsidence, and the remaining £650 excess of the £1,000 subsidence excess would be payable.

Mr C was unhappy with LV's proposals and made a complaint.

LV issued a further final response on 29 May 2025. It considered its recommendations to be the most logical approach to addressing the damaged underground services and investigating whether the property was still subsiding. Unhappy with this, Mr C brought a new complaint to this service.

Our investigator looked into what had happened up 31 July 2025, which was the day before she issued her findings (as agreed by LV). After doing so, she didn't recommend the complaint be upheld. She was of the view it had been reasonable for LV to consider there was subsidence. She thought LV's proposals to move the claim forward were reasonable.

Mr C didn't agree with our investigator's findings and so the matter has been passed to me to consider.

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.

Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must handle claims promptly and fairly. I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of Mr C's complaint.

Mr C has provided significant submissions and made a number of points relating to his claim. However, I'm not going to respond to every point that's been made. This reflects the informal nature of this service. Instead, I'll focus on what I consider to be the main issues.

I've noted Mr C's concerns that LV logged his claim as subsidence at the outset. Though as our investigator has explained, this was addressed in a previous final response letter issued by LV, and Mr C didn't bring a complaint to this service within the relevant time limits. So, I can't consider this. I also won't be considering any concerns Mr C has about delays before 2 January 2025, as this was addressed under a separate case with this service.

Mr C complained to LV in May 2025 about its proposals in moving the claim forward at that time. I've therefore considered LV's proposals, including what happened up to 31 July 2025.

Mr C has explained that in 2022, his neighbour dug a trench in their garden as they were having drainage issues. Mr C says his sewer then showed signs of uplift and his front garden was damaged. He made a claim under the policy a few months later after cracks appeared at his property.

LV's agent thought the pattern of cracks indicated subsidence damage (defined in the policy as downward movement of ground other than by settlement). They concluded there had most likely been clay induced subsidence caused by a nearby tree owned by the local authority. In 2023, an arborist thought the timing of the damage and the presence of tree roots beneath the foundation was reasonable evidence for a diagnosis of tree-related subsidence.

I understand Mr C filled in the cracks to his property in 2023 and they didn't then return. Though LV has made the point that the cracks first appeared following a hot summer, and that the summers of 2023 and 2024 were benign. Nonetheless, monitoring showed there was still 5mm of movement after the 2023 summer. LV doesn't think the defective drains are contributing to the subsidence, because it says if they were then the monitoring would show continual movement. But this hasn't been the case.

Based on the available evidence, I think it was reasonable for LV to continue to consider that there was subsidence, though I don't think it's clear whether the cause of this is the drainage problems or the tree. I appreciate Mr C feels very strongly that it's the former.

There were some errors made with the initial drain investigations carried out by a drainage company, which LV accepts. Though as our investigator has pointed out, it wasn't unreasonable for LV and its agent to rely on those findings at the time. LV arranged for a different drainage company to carry out new investigations in 2025.

The investigations that took place in February 2025 found cracks on two interceptor traps which were affecting the functionality of the drains. The drainage company said the cause of damage resulting in fractures, cracking and joint displacements was consistent with an external force being applied, and concluded it was due to ground movement applying force or loading to the material around the pipe. They said the damage should be considered accidental. They also found an issue with the neighbour's drainage system.

LV then arranged for the same company to reattend in June 2025. They unblocked the drains and replaced a benching channel and also carried out some further investigations. They noted the upstream pipework ran to the rainwater pipe and said the system had been blocked and overwhelmed for a considerable period of time. They also noted displacements and fractures throughout the upstream pipework that they thought would be accidental damage covered under the policy.

Mr C has made the point that the damaged drains pass directly through the area affected by ground movement. He told LV there was consequential damage due to water ingress from the blocked rainwater pipe. He also told LV in July 2025 that since the drains had been unblocked, he was unable to bolt his front door, which he thought was a clear sign that the foundations and door frame were moving. Further cracks then appeared at the property.

Mr C obtained a structural engineer's opinion, which was provided to LV in July 2025. They thought the drainage leak meant the soil had increased in size and pushed the drainage and existing foundations. They recommended the drains be repaired, and then further monitoring take place to see if further movement occurred. The report was updated in July 2025 with much the same conclusions.

It's apparent that the first thing that needs to take place is to have the drains repaired. This is necessary to rule out the drains as the cause or a contributing factor of the damage to Mr C's property, but also because the local authority won't remove the tree whilst the drains remain defective. So, I agree with LV's proposal to repair the drains. I understand LV isn't intending to deal with the drains and the subsidence as two separate claims, and I think that's reasonable.

I would expect further monitoring to take place after the drains have been repaired. If this shows downward movement then this would support LV's request to the local authority to have the tree removed. If there's no further movement, then this would support the drainage problems were the cause of the damage to Mr C's property.

LV then wants to arrange for a specialist to inspect the property and assess the need for stabilisation works. That seems reasonable to me. Given the ongoing damage Mr C describes to his property, it seems likely that the foundations have been affected by the subsidence (whether caused by the drainage problems or the tree). Once any necessary stabilisation work has happened, the repairs to Mr C's property can take place.

Since our investigator issued her findings, Mr C has agreed for the drains to be repaired and monitoring to take place. Though I understand Mr C is unhappy with the time this has taken, as well as the proposed scope of drainage repairs. If Mr C is unhappy with LV's handling of the claim after 31 July 2025, he should raise this with LV in the first instance.

Mr C doesn't want LV's agent involved in the claim, but LV has refused to remove them. It seems much of Mr C's frustration with the agent relates to a difference of opinion the parties have about the cause of the damage. Although the agent has seemingly made some errors, I don't think their handling of the claim has been so poor as to require their removal. Given where the parties are in terms of the stage of the claim, I agree with our investigator that changing the agent at this point would likely cause further and unnecessary delays.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 9 April 2026.

Chantelle Hurn-Ryan
Ombudsman