DRN-5764402

The complaint

Miss C is unhappy with the delays caused by Liverpool Victoria Insurance Company Limited ("LV") in settling her claim, and the subsequent impact it has had on her insurance premiums. LV were providing Miss C with a home insurance product.

What happened

Miss C made a claim when a van crashed into her house in February 2023, causing considerable damage to both the house and contents. LV accepted the claim and it appointed representatives to manage it.

Miss C was unhappy with the progress of her claim in the first 12 months. A complaint was escalated to our service, which resulted in our service issuing a decision which took account of all events on the claim up to September 2023.

Miss C said she was allowed to move back into her house in October 2023. She said the issues continued and she experienced more delays, poor workmanship and financial loss. She made another complaint to LV, but it took more than 8 weeks for it to respond, so LV informed Miss C she could refer another complaint to our service in October 2024.

Due to the delay in the resolution of the claim, Miss C feels she's suffered a financial loss as her premiums in 2023 and 2024 have increased significantly. And she's worried this will be the same in 2025. She said she feels she has no choice but to stay with LV while it deals with her claim.

Miss C would like to sell her house, but she feels she hasn't been informed of the work that has been completed, hasn't received any guarantees for the work or is worried about not having received any certificates of building regulation compliance.

In February 2025, LV said *"the claim is still ongoing, and we are currently waiting for the building surveyor to provide us with a list of outstanding repairs with associated costs to complete so we can offer a cash settlement to conclude matters. Once this information is available we can forward on to [our service] if required. For this reason, we have been unable to resolve the complaint in August 2024 so there is no FRL to send you".*

Our investigator decided to uphold the complaint. He thought LV had taken too long to progress the claim, and there was evidence of poor workmanship. Miss C had to clean her house when she moved back in, so he said LV should pay £1,500 for the distress and inconvenience caused. He said LV should cash settle the plastering and painting work at £650. Miss C disagreed, so the case has been referred to an ombudsman.

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 want to clarify the scope of my decision I'm making today. As Miss C has already had a decision made by our service on the issues up until September 2023, I can't look at these

again as I don't have the jurisdiction to do so under the rules of the Financial Conduct Authority (FCA).

LV told Miss C she could refer her complaint to our service in August 2024, but I can see LV has written to our service and explained the current situation up until February 2025. However, Miss C escalated her complaint to our service on 12 January 2025. So, I think the most sensible approach, is for me to consider the issues up until the point of Miss C's referral to our service (i.e. 12 January 2025). If Miss C has any further complaint points after this date, she would need to raise them with LV first before being able to escalate them to our service.

I will first comment on Miss C's claim of financial loss, as she said her **premiums have increased** due to the ongoing nature of her claim. I can see our investigator wrote to Miss C in relation to this in February 2024. She said:

"Unfortunately, when a claim is open at the time of renewal, this will impact your premium. This is partly because an open claim is labelled as a 'fault' claim until it is closed. This isn't something we would say is incorrect and is usual across the insurance industry. It also doesn't mean you are being held at fault, but this is how it needs to be recorded whilst it is open and unsettled. However, I also recognise this would've been frustrating given you were also paying household bills for a property you weren't living in.

Your premium had gone up from £164.77 to £363.64. I asked LV for the premium calculations. From the evidence I've seen, I feel this premium has been applied fairly. I can see LV are actively trying to recover the costs from the third-party insurer. Once the claim is closed and settled in full, you will be able to request LV recalculate your premiums and refund where appropriate. If you remain unhappy with your premiums once they have been recalculated, you will be able to register this with LV directly. However, please be aware we are seeing a rising number of premium increases over the last year, and this isn't unusual".

Given the claim is still ongoing (on 12 January 2025), I can't make any further observations to what our investigator made. The points are still valid. When the claim is resolved and closed, if Miss C is unhappy with how LV has approached this issue and with the re-calculated premium level, she can make a new complaint on this issue to LV. But, at this time, for the reason I've set out, it's not appropriate for me to decide on this point.

LV accepted our investigator's recommendation to award £1,500 for the issues raised in Miss C's complaint **(delays and poor workmanship)**, so rather than go through each specific point in detail, I'm going to take a holistic view whether I think the compensation awarded is fair and reasonable for this claim. However, with LV accepting it was at fault, I uphold this complaint.

Awarding compensation for distress and inconvenience, isn't an exact science – but our service does have guidelines to ensure our awards are consistent between complaints.

Whilst I appreciate every claim is different and has its own complexities, this claim has been going on a long time. I don't have jurisdiction to specifically look at the first year of the claim, however, I do think there is a cumulative impact of delay which will have increased the distress for Miss C whilst she has been deprived the use and enjoyment of the home.

I must be mindful however, with any complaint there will be a level of distress on the claimant. In this particular incident, I can see Miss C has been struggling psychologically from the trauma of the initial incident itself. I appreciate this must be extremely difficult for Miss C. But, at the same time, LV didn't cause the incident, so it wouldn't be fair for me to consider this when awarding compensation. In a similar way, Miss C has said she's needed

to take time away from work. Again, with any claim, there will be inconvenience for the policyholder caused by the event itself, so Miss C should expect that she would've need to take some time to support the work.

That been said, the claim has been going on a long time and was still ongoing (at the time this was brought to our service's attention). LV has accepted it has caused delays and is still working to resolve the poor workmanship, so I don't think this is in question. We know the claim has been two years in the making (so far). I think there has been serious disruption to daily life over a sustained period. Therefore, I'm going to award £1,500 compensation for the distress and inconvenience caused (for the period of this complaint) as I think the delays and poor workmanship have had a major impact on Miss C.

I can see LV wrote to Miss C on 13 February 2025 to ascertain a common view on what **outstanding works** remained, in order that it could cash settle these to bring about a resolution of the claim. I think this was a sensible approach. I think this is in both parties interests provided, Miss C feels confident she can find the tradespeople to complete the works.

LV should note Miss C's comments that she is unhappy that she hasn't received any guarantees for the work or is worried about not having received any certificates of building regulation compliance. I think it's likely this is because the claim hasn't yet been completed and it's likely LV will attend to providing the **appropriate guarantees** for its work.

Also, LV said it will review the **excess premiums** Miss C has paid whilst the claim has been open and to consider paying a refund.

Taking these last three points (outstanding works, appropriate guarantees and excess premiums) and the time taken to conclude these. Should Miss C be unhappy with LV's approach on these points, she can raise a separate complaint to LV. However, under the jurisdiction of this decision, I can't look at these points now.

My final decision

My final decision is that I uphold this complaint. I require Liverpool Victoria Insurance Company Limited to:

- Pay Miss C - £1,500 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 23 September 2025.

Pete Averill
Ombudsman