DRN-5793311

The complaint

Mr and Mrs G are unhappy with the way Liverpool Victoria Insurance Company Limited ("LV") handled their escape of water claim.

Mr and Mrs G had a joint policy for buildings insurance underwritten by LV. For ease of reading, I'll refer mainly to Mr G throughout my decision. When I refer to anything Mr G or LV said or did, it should be taken to include things said or done on their behalf.

What happened

The background to this complaint is well-known to both parties, so I've summarised what I think are the key events.

LV accepted Mr G's claim following an escape of water which caused significant damage to his home. The bathroom was affected, so alternative accommodation (AA) was needed, and flooring needed to be replaced after drying out.

Mr G complained to LV because he didn't think it had handled the claim well. He said:

- LV suggested a bathroom pod which was unsuitable for his young family;
- it took too long to provide AA during which time his home developed mould;
- he was left to source his own AA;
- LV's appointed project manager was rude, told them lies, and caused unnecessary distress;
- asbestos was disturbed during strip-out, causing a health and safety risk;
- there was a delay installing a key safe, and his home was left unsecured by contractors;
- communication was not in writing;
- LV offered unreasonable rates and cash settlement for replacement flooring;
- building waste was left outside in the evenings, and
- the snagging list for faulty repairs was extensive, including incorrect replacement of bathroom taps, rough edges on new doors, uneven painting, and incomplete tile grouting.

In its final response to the complaint, dated 10 October 2024, LV said:

- it was unsuccessful in sourcing AA so a cash settlement was provided;
- regrettably, snagging works needed to be undertaken to several areas of repair, and
- the flooring settlement was based on the specification of the previous flooring and the policy didn't provide for betterment which was what Mr G wanted.

In recognition of the avoidable inconvenience, LV paid £400 by way of apology.

Mr G didn't agree with LV's response, so he brought his complaint to us.

Our investigator said that LV had made some mistakes in its handling of Mr G's claim, but he thought it had done enough to put things right. He said the flooring settlement was in line

with the policy and he didn't think LV had caused significant delays arranging the AA. And, in recognition of the service shortfalls, our investigator thought LV's payment of £400 was fair and reasonable in the circumstances. Therefore, our investigator didn't think LV needed to do any more.

Mr G didn't agree. He repeated much of his complaint and pointed out that LV's appointed company agreed it hadn't provided an acceptable service, and the reasons LV gave for not finding AA were unacceptable. Mr G went on to say that LV refused an extension to the AA as a buffer, which caused him and his family further distress. In particular, Mr G was upset with LV's response to his asbestos concerns. In recognition of the overall inconvenience caused, he said LV ought to pay the full amount for his replacement flooring.

Our investigator responded to Mr G but, because he didn't agree, the complaint was passed to me to decide.

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 done so, I've decided not to uphold Mr G's complaint for broadly the same reasons as those set out by our investigator.

The Financial Conduct Authority's rules (ICOBS 8.1.1) say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably.

In reaching my decision, I've taken the rules into consideration, along with the evidence, the policy terms and conditions, and what's likely to have happened in the circumstances. I won't comment on everything that's been said, and our rules don't require me to. Instead, I'll focus on the key issues of complaint and explain why I don't think LV needs to do any more than it has already offered.

The policy sets out the detail of the contract between Mr and Mrs G and LV, so I'll refer to that where it helps explain my decision.

There's no dispute about the validity of the claim, or that repairs and alternative accommodation were needed. And LV hasn't disputed that some things didn't go as well as Mr G could've reasonably expected in the circumstances. By way of apology for the avoidable inconvenience, LV paid £400 to Mr and Mrs G. When considering any shortfalls, I've kept in mind this payment and any actions LV had already agreed to do to put things right.

Alternative Accommodation

LV initially offered a bathroom pod to allow Mr G and his family to remain at home. When he declined the offer, LV appointed a company to source AA for them. The account notes show that the first option was agreed in mid-June, around three weeks after Mr G declined the bathroom pod. As this was to fit in with the available start date for repairs rather than due to a delay in looking for AA, and it would've allowed Mr G and his family to remain in their home until repairs could start, I think that's reasonable. It's worth mentioning that the AA policy limit was relatively small. Throughout the claim notes, LV referred to this to ensure Mr G wasn't placed in AA until repairs could start. That was to avoid the risk of him having to contribute to the accommodation costs if his limit was exceeded. I'm satisfied that was a fair approach.

I note that Mr G said this option fell through due to the landlord favouring a longer-term

tenant. Given that AA was only required for around 10 weeks, I think this was outside of both Mr G's and LV's control.

Mr G sourced suitable accommodation and LV agreed to cash settle that element of his claim. I've noted that he didn't think it was right that he had to search for accommodation when his policy provided for it. Looking at the account notes, I don't think it's a simple as Mr G describes. The records show that he told LV he would look for available properties, which LV acknowledged but it also continued to look for appropriate AA. The evidence doesn't indicate that LV handed over responsibility for the search. Given that Mr G needed to move out of his home to allow for repairs to start, I don't find that LV did anything wrong by supporting his decision to search for AA too.

I've also considered Mr G's complaint that LV didn't extend the AA when he requested it. He said an extra one or two weeks would've been within his policy limit. The claim notes show that the house would've been ready for the end of the tenancy, so an extension wouldn't have been needed. While Mr G wanted an extension as a buffer, I don't agree that LV did anything wrong by rejecting his request. That's because the house repairs were due to be at a standard that would allow Mr G to move back in, and the policy didn't provide for any further AA contributions once the house was fit to be lived in. Had there been a delay, then LV would've been responsible for ensuring that accommodation was still available. I haven't seen anything to suggest that was the case.

Although Mr G commented that the appointed company apologised for its service, making it clear that mistakes had been made, for the reasons I've given I don't find that LV did anything significantly wrong in respect of the AA. Therefore, I'm not asking LV to do anything further in respect of this matter

Asbestos

Mr G said LV determined that floor tiles underneath the vinyl flooring contained asbestos. Yet LV lifted the covering, causing damage to the tiles and left the debris in the garden.

Mr G was, understandably, concerned about any asbestos risk, so I've looked at whether LV did anything wrong in its handling of this part of the repairs. In the photos that Mr G provided, I see that a small section of flooring had been disturbed and left outside. LV's notes show that it arranged for the debris to be cleared away as soon as it was told. The timeline of evidence isn't entirely clear in respect of the asbestos detection, when the flooring was first lifted, and whether the contractors were informed about the asbestos containing material (ACM). However, on balance, I think it's likely that LV lifted the flooring without removing it, identified it was an ACM, and left it in place. It seems that contractors were not informed of the ACM, which led to the strip of flooring being removed, disturbing the tiles.

This situation was by no means ideal, but I can only consider whether it caused any detriment. LV had already been assured that the ACM was of minimal risk if disturbed. It arranged for the debris to be cleared away promptly, and the appointed experts confirmed that the test for ACM particles in the air was negative. So, it seems the extent of the detriment to Mr G and his family was limited to the distress caused in respect of what might have happened had ACM been released. I've taken this into consideration when deciding the level of compensation that is appropriate for the complaint.

Flooring

Mr G's complaint is that LV said it would replace his roll vinyl flooring with Luxury Vinyl Tiles (LVT) which he said is the modern equivalent, yet it refused to do so when completing repairs. I've looked at the policy terms and conditions available online, which state:

> *If we can offer a repair or replacement through one of our suppliers and you choose not to have the item repaired or replaced or you wish to use your own supplier, we will not pay more than the amount we would have paid our supplier.*

LV would have replaced the roll vinyl flooring on a like-for-like basis. LVT is an upgrade. Therefore, its agreement to cash settle this part of the claim was to allow Mr G to use the money towards LVT. As LV could've replaced the original flooring, likely at a discounted rate available through its suppliers, it was entitled to cash settle at the amount it would've cost to do the work itself. This is in line with the policy terms and conditions.

If Mr G was given incorrect information at the start, I consider this a service shortfall. But a mistake in suggesting something which has caused loss of expectation, rather than any financial detriment, does not mean that LV should pay for the upgraded flooring which is not covered by the policy.

Overall, I don't find that LV did anything wrong in offering a cash settlement to cover the cost of like-for-like flooring. I've taken into consideration the loss of expectation when deciding the level of compensation appropriate to the overall complaint.

Security

Mr G said the key safe was only installed before work started because he reminded LV. He also said he found the combination hadn't been scrambled on one occasion.

I understand that Mr G would've been concerned for the security of his home. Whether or not he reminded LV, the key safe was in place when work started, so I don't find that posed a security issue. LV apologised for the failure to scramble the combination, explaining it had been a one-off mistake. To reassure Mr G, it agreed to send a photo each evening of the key safe with the number scrambled. Mr G has accepted that mistakes happen.

I don't think there's anything more LV needed to do here. There's no evidence its mistake caused Mr G any loss, and the matter was resolved promptly to provide the required reassurance.

Other matters

Mr G had concerns about the project manager's attitude and ability, and he complained that there was no audit trail of conversations or promises made. Mr G commented on the numerous items on the snagging list, and the overall lack of planning which he said caused him and his family distress. Mr G provided copies of reviews published online in support of his complaint about LV's handling of claims.

I can only consider the evidence which is directly relevant to Mr G's claim, so I haven't taken the reviews he provided into consideration.

I haven't gone into detail about the remaining parts of Mr G's complaint. That's because I think LV has agreed to put things right – such as the snagging list – or it has paid compensation by way of apology. But Mr G said the compensation doesn't take into consideration the effect on his family or his loss of income.

When the escape of water damaged his home, there was always going to be some distress and inconvenience. LV isn't responsible for the damage or the need for him to move into AA. Understandably, anything that goes wrong after that is magnified for Mr G and his family, so my view on matters may seem detached. But I can only look at what LV did which caused otherwise avoidable distress and inconvenience beyond the disruption caused by the

damage itself.

Mr G asked for at least £3,000, which is based on the time he spent on the claim at his hourly rate of pay. I've considered the impact LV's service shortfalls had on Mr and Mrs G, which naturally includes the distress experienced because of the impact on his family as a whole. Having done so, I'm satisfied that LV's payment of £400 by way of apology is fair and reasonable in the circumstances. It's in line with our approach to awards, which takes into consideration the period of inconvenience but does not include the value Mr G places on his time. I think the payment fairly reflects the shortfalls identified, therefore, I see no reason to require LV to pay any further compensation.

My final decision

For the reasons I've given, my final decision is that I do not uphold Mr and Mrs G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 7 November 2025.

Debra Vaughan
Ombudsman