

The complaint

Mr A complains about Liverpool Victoria Insurance Company Limited's ('LV') handling of a subsidence claim he made on his home insurance policy. He says their contractors failed to complete repairs and this meant he had to incur significant costs putting things right.

What happened

The details of the claim are well known to both parties, so I won't repeat them again here in full. Instead, I'll summarise the background and focus on the reasons for my decision.

Mr A held a property insurance policy with LV. He reported a subsidence claim in 2018 which LV accepted and they appointed a loss adjuster to manage the claim. Repairs were ultimately completed in December 2023, and a Certificate of Structural Adequacy was issued. LV marked the claim as complete and closed their file.

In July 2024, Mr A contacted LV to raise concerns about the standard of the repair works carried out by their contractors. He said the works had not been finished to a satisfactory standard and there were outstanding defects. But after not receiving a response, Mr A arranged for remedial works to be carried out by his own contractor. He said this was done to mitigate further loss of rent while his property needed repairs. Mr A then asked LV to reimburse him the costs he said he'd incurred. When LV declined, he raised a complaint.

In response to Mr A's complaint, LV maintained that they wouldn't be refunding any costs as the remedial works had been carried out before they were given the opportunity to inspect the alleged defects. They said this meant they were unable to establish whether any damage was due to defective workmanship, subsidence, or other non-insured causes. Mr A remained unhappy with LV's response to this complaint – so, he brought it to this Service.

An Investigator looked at what had happened and recommended that the complaint should be upheld in part. He said that LV didn't need to reimburse Mr A's submitted costs as he had proceeded with remedial works without LV's agreement which had prejudiced their position. But the Investigator did accept that there had been delays in communication at times and thought that LV should pay £200 compensation for distress and inconvenience.

LV agreed with the Investigator's recommendation, but Mr A did not. He said that LV and their contractors had been aware for many months that the repair works were incomplete and substandard and he had repeatedly chased for a resolution between January and July 2024 without a response. He said that LV's delays had meant his property was empty and continuing to incur costs, and that he had no reasonable option but to arrange the works himself. Mr A also provided further evidence which he said showed the defects were obvious and ongoing and asked for additional disclosure of the specification of works, contract payments, and inspections.

Mr A asked for an Ombudsman to consider the complaint – so, it's been 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 reached the same outcome as the Investigator for substantially the same reasons. I've set out my reasoning below.

I want to start by acknowledging that I've summarised Mr A's complaint in less detail than he's presented it, and I've not commented on every point raised. However, I want to assure Mr A that I've read and considered everything that he's provided and if there's something I've not mentioned, it isn't because I've ignored it. No discourtesy is intended by this; it simply reflects the informal nature of this Service in resolving complaints quickly.

I also need to make it clear what I can consider as part of this complaint. Many of the points Mr A has submitted are in respect of a previous complaint this Service considered. And while I may refer to this as background information when needed, I'm unable to make a finding on matters this Service has already considered. As such, I've focussed on what I consider to be the key points I need to think about in order to reach a fair and reasonable conclusion in respect of this specific complaint, which is whether LV should reimburse Mr A's costs.

There's no dispute that Mr A was dissatisfied with the standard of works carried out by LV's contractors. I accept that he raised those concerns about the works during 2024, and I can also see the claim had already been ongoing for a considerable amount of time by that point. Mr A would have understandably been frustrated by what he saw as delays and lack of progress, and I've taken that background into account when considering this complaint.

However, where a customer alleges that an insurer has carried out works that are defective or incomplete, and seeks reimbursement for remedial works, it's important that the insurer is given a fair opportunity to inspect the alleged defects and consider how they should be addressed. That allows the insurer to assess whether the damaged complained of is due to the defective workmanship, the original insured peril (in this case, subsidence), and whether they need to arrange further works.

In this case, the remedial works Mr A says he carried out occurred before LV had the opportunity to inspect the alleged defects. I've taken Mr A's submissions on board; that he felt he had waited long enough and needed to move matters forward. But as the Investigator previously set out, by proceeding in that way, the physical condition of the alleged defects were removed before LV could assess them. And that significantly limited LV's ability to determine what, if anything, their contractors had failed to do, whether any further works were required as a result of subsidence, or whether the scope and cost of the work Mr A later undertook was reasonable, proportionate, and necessary.

I've considered Mr A's submissions that LV and their agents had been aware that some works remained outstanding, and that he had chased them about his dissatisfaction over the quality of the repairs. He's said that this should be treated as equivalent to an opportunity for LV to have inspected what needed to be repaired. But I don't agree with this approach. Whilst poor communication or delays can be relevant to service failings, I don't think it removes LV's right to inspect alleged defective works before being asked to reimburse the cost of those works. And that's particularly relevant where the claimed costs Mr A has submitted cover a broad range of works where it's not possible to separate insured damage from non-insured issues or betterment.

Taking all of this into account, I'm not persuaded it would be fair or reasonable of me to direct LV to reimburse the costs Mr A has claimed. The decision to proceed with remedial

works without LV's agreement means I can't safely conclude, on the available evidence, the costs Mr A has claimed arose from insured damage or defective workmanship for which LV should now be responsible.

That being said, I've reached the same conclusion as the Investigator in relation to LV's communication with Mr A during 2024, and I'm satisfied it fell below the standard I would expect to see. I can see there were delays in responding to Mr A's initial concerns and in providing updates when information was requested. I accept that this would have caused Mr A avoidable frustration and inconvenience at an already difficult time whilst he was dealing with a claim that had been ongoing for several years.

I can see the Investigator previously recommended a sum of £200 compensation to reflect the impact LV's communication failures would have caused, which LV has agreed to pay. So, I need to decide whether that's enough to put things right. I've weighed up Mr A's testimony, the available evidence, and the duration of the process overall. Taking everything together, I'm satisfied directing LV to pay £200 compensation for distress and inconvenience is a fair and reasonable conclusion to this complaint.

I appreciate this may not be the level of compensation Mr A had hoped for, and it may not ultimately change matters for him. But I consider it to be in line with the level of compensation appropriate to the issues I can consider in this case, and I'm satisfied this produces a fair and reasonable outcome in this particular complaint.

My final decision

For the reasons I have given above, my final decision is that I uphold this complaint in part. I direct Liverpool Victoria Insurance Company Limited to pay Mr A £200 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 11 February 2026.

Stephen Howard
Ombudsman