

The complaint

Mr and Mrs B complain about how Liverpool Victoria Insurance Company Limited (“LV”) handled an escape of water claim they made on their home insurance policy.

Mrs B has acted as the main representative during the claim and complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, as those of “Mrs B” throughout this decision.

What happened

The following is intended as a summary of key events only, as the background to this complaint is well known to both parties.

Mrs B held a home insurance policy underwritten by LV. She contacted them in September 2024 to raise a claim for an escape of water at her property. LV accepted the claim and appointed contractors to manage the drying and reinstatement works. Initial dehumidifiers were installed in October 2024 but ultimately, the drying process took some time and didn’t resolve the moisture problem in all of the affected rooms. And Mrs B said LV failed to manage the process properly, which caused unacceptable living conditions and delayed settlement of the claim.

Mrs B says mould was later identified in the living room floor and she was told not to use the room. Mrs B says LV should have offered her alternative accommodation at that point. Later, in November 2024, parts of the floor were removed, and tenting was applied to help with the drying process. Around this time, Mrs B says her daughter was diagnosed with asthma as a result of the conditions in the property.

Mrs B said a cash settlement figure for reinstatement works was offered in late November 2024 but she hadn’t received a scope of works at that stage. However, when she later did receive a scope of works; she found several items were missing. Mrs B remained unhappy with how LV were handling the claim, so she raised a complaint. She said she’d had to repeatedly chase LV for updates, and preventative measures to address the ongoing damp and mould issues had been inconsistent. She said LV’s handling of the claim had extended the timeline for repairs and worsened the damage and associated health risks for her family. LV weren’t able to provide a final response to Mrs B’s complaint within the eight-week statutory timeframe – so, Mrs B brought the complaint to this Service.

I issued a provisional decision of the complaint, and I said the following:

“I’d like to start by reassuring Mrs B that I’ve intentionally summarised the background to this complaint, so not everything that’s happened or been argued is set out above. I’ve done this because the background circumstances of this complaint are largely undisputed, and LV has agreed with the Investigator’s previous recommendations which outlined that their service fell short throughout the life of the claim. So, while I’ve read and considered everything that’s been provided; I haven’t commented on each and every point made, or piece of evidence provided. This isn’t meant as a discourtesy, it simply reflects the informal nature of this Service.”

What this means is that I don't need to make an extended finding on whether or not LV did anything wrong here when handling the claim. I've ultimately reached the same initial conclusions as the Investigator did, and I don't think LV managed the drying process as effectively as they should have. There were delays in removing affected plasterboard and floorboards and the use of more effective drying equipment came later than it should have. I also agree the initial settlement offer excluded items necessary to conclude the claim and Mrs B shouldn't have had to challenge this in order to reach the correct outcome.

So, the focus of my decision will be to consider the additional points Mrs B has raised in respect of her health concerns, alternative accommodation, and overall compensation due to LV's actions. I will address each of these issues below in turn, for ease of reference.

Health concerns

Mrs B says as a result of LV not addressing the mould in her living room, her daughter, who had no prior history of respiratory issues, developed asthma. I can appreciate how concerning this would be for Mrs B, so I've carefully considered the evidence she has provided from her GP which she says supports this. The GP letter says damp and mould could have contributed to her symptoms. But I've not seen any evidence which demonstrates a causal link that satisfies me, on the balance of probabilities, that Mrs B's daughter's asthma diagnosis was directly caused solely by LV's actions.

Additionally, I can see a record in LV's claim notes shows mould was also found in Mrs B's daughter's bedroom which was reported as being unrelated to the escape of water claim. That means there is the possibility for other causes to have contributed to her health concerns. Ultimately, I don't find that there is persuasive evidence which demonstrates LV are responsible for an asthma diagnosis. However, I do find that LV were slow to deal with the mould issue in the living room, and that would have caused understandable worry and upset for Mrs B and her family. I've taken that impact into account when deciding what level of compensation I think it appropriate.

Alternative accommodation

I appreciate Mrs B says she wasn't offered alternative accommodation when she should have been, due to the mould in her living room. I can see the policy does provide cover for alternative accommodation when the property is uninhabitable; but I've not seen any evidence to demonstrate this was the case. While I accept the living room was unavailable for normal use for some time, and this would have been highly disruptive, the evidence doesn't show the property was uninhabitable as a whole, because the cooking and washing facilities were still in use. Additionally, while Mrs B was told that her dog should not sleep in the living room while the mould was present, I don't think this is the same as rendering the entire property uninhabitable, though I recognise the concerns this would have raised.

I ultimately don't find that LV were required to provide alternative accommodation and move Mrs B and her family out of the property. Instead, I think the impact of losing the full use of the living room, along with the damp smell which would have been unpleasant and inconvenient would be better dealt with via distress and inconvenience compensation. Again, I've taken that impact into account when deciding what level of compensation I think it appropriate.

Compensation

Insurance claims can be, by their nature, very disruptive. They often take many months to investigate and resolve, and a certain level of inconvenience is always unavoidable. So, my role is to consider the impact LV's actions had which caused additional distress and inconvenience, over and above what I would consider to be normal.

I recognise that the claim process was not straightforward, and I can see there were several delays throughout the life of the claim. I also think there were some communication breakdowns, missed updates, and occasions where LV could have done more to address Mrs B's concerns, which would have understandably added to her distress and inconvenience.

In respect of awarding compensation, it's important for me to highlight that a compensation award isn't intended to fine or punish a business, it's to recognise the impact the business' actions have had on their customer in a particular complaint. So, I've thought about how Mrs B and her family were impacted and what I think is a fair sum to put things right. I can see the Investigator previously recommended a sum of £400, but I don't think recognises the extent of the impact caused.

I've weighed up the testimony provided by Mrs B, the available evidence, and the length of time the claim took overall. LV's drying and settlement took longer than I would have expected, and Mrs B was without the full use of her living room, with drying equipment in place and her belongings in storage over the Christmas period. And while I do not make a finding that LV caused her daughter's asthma; I do think the extended period of living with damp and mould would have added to Mrs B's overall concerns. Taking everything together, I'm satisfied a total compensation award of £850 is a fairer and more reasonable sum to recognise the distress and inconvenience caused.

I appreciate this may not be the level of compensation Mrs B might have hoped for, and it may not ultimately change matters for her, given the larger concerns over the claim process itself. But I consider it to be in line with the level of compensation appropriate to these issues, and I'm satisfied this produces a fair and reasonable outcome in this particular complaint."

I concluded that I intended to uphold the complaint and to direct LV to include all required works as part of the escape of water claim in the cash settlement and pay £850 compensation for distress and inconvenience. I invited both parties to provide a reply to my provisional findings. LV did not submit anything more for me to consider. Mrs B said she largely agreed with my findings and that she would accept the compensation of £850 and assurance that all items within the scope of the works would be included by LV as a resolution to concluding the claim.

As both parties have now responded to my provisional findings, I will set out my final decision below.

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.

As neither party has provided any further information for me to consider, my conclusions remain the same as I set out in my provisional decision, which now become my final decision of this 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:

- Include all required works as part of the escape of water claim in the cash settlement.
- Pay a total of £850 compensation for distress and inconvenience, less any sums already raised.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 17 November 2025.

Stephen Howard
Ombudsman