

DRN-5903917



The complaint

Mr E complains about how Liverpool Victoria Insurance Company (“LV”) dealt with a claim he made on his home insurance policy following a flood at his property.

What happened

In January 2024 a water pipe burst in the loft of Mr E’s home while he was away causing extensive damage throughout his home.

Mr E made a claim for the damage on his home insurance policy. He says there were numerous delays throughout the claim, and this meant restoration works hadn’t started five months after the damage occurred. Mr E had to move out of his home while the works were completed.

Mr E says LV made a settlement offer of £11,500 excluding VAT, but that amount isn’t sufficient. Since Mr E wasn’t happy with the way his claim was dealt with, he complained.

LV accept there were delays, a failure to provide updates, and confusion at the outset of the claim. It took steps to try and resolve this by arranging weekly calls with the claims handler to get the claim back on track. LV also arranged for its agent to look at the contents claim again.

LV awarded Mr E £250 to recognise the distress and inconvenience caused.

Mr E didn’t agree with LV’s response so referred his complaint to this Service. Our Investigator considered the evidence and concluded that LV hadn’t acted fairly. He recommended LV pay

Mr E £350 to reflect the distress and inconvenience caused and recommended LV reimburse the costs of the electrician costs. The Investigator agreed there were shortfalls in the service provided. LV accepted the Investigator’s view of the complaint. Mr E disagreed with the view, so the complaint was referred to me to decide.

I recently issued a provisional decision setting out my thoughts on the key complaint points and how I thought matters might best be resolved. I said:

“I’ve explained my rationale below, but before I do I want to acknowledge that I’ve summarised events in my own words and in far less detail than what’s been provided to me. If I’ve not mentioned anything it’s not because I haven’t considered it – I’ve carefully reviewed the evidence submitted by both parties. Instead, I’ve focused on the key elements of the timeline, and what I consider to be the crux of the complaint – in line with our remit as a quick and informal alternative to the courts. No courtesy is meant by that, nor is it my intention to minimise in any way what Mr E has been through.

A claim of this nature, where restoration works were required in the key areas of the home, was always likely to be disruptive and stressful for Mr E. Ultimately the leak resulted in damage to Mr E’s home. But I’ve had to decide what impact LV has caused over and above what might reasonably be expected, through its case handling. Bearing that in mind it’s my intention to uphold the complaint.

Having considered the information available to me I think LV needs to pay Mr E more compensation for the distress and inconvenience caused to him. And whilst Mr E's submission goes into some detail about the events which occurred I can only consider compensation for avoidable delays, and distress or inconvenience which were as a result of LV's action, and which impacted Mr E directly.

Claim handling

Based on everything I've seen during the claim between January 2024 and October 2024 its clear there have been avoidable delays by LV in dealing with this claim. For the most part this can be attributed to the time taken for the contractor to attend, the time taken for the site visit to complete the scope of works, and the issues with the inventory.

On review of the timeline of events I think LV should have been able to establish the required works sooner than it did and taken steps to strip out and dry the property sooner than it did. I think LV should have managed Mr E's expectations better than it did. It's clear LV's initial handling of the claim caused significant inconvenience for Mr E. The situation caused him a lot of worry and day to day disruption in addition to him being out of his home for a prolonged period.

I am pleased to see that following Mr E's complaints LV took steps to ensure it communicated with Mr E regularly in order to provide meaningful updates. And this is what I would have expected LV to do.

Overall, I'm not persuaded LV has given sufficient consideration to Mr E's circumstances in its offer of compensation. So, I think an additional payment is required. I will comment further on this point below.

Inventory

There has been much back and forth between LV and Mr E about the inventory. It appears the matter has now been resolved but I want to acknowledge the impact on Mr E, of the inventory having missing items and it not being made clear what happens to items that are beyond economic repair.

I was pleased to note that LV referred Mr E to its agent to address the inventory issues and took steps to resolve the concerns raised.

Drying certificate and decontamination

The drying certificate was issued in September 2024. However, Mr E maintains that the property was already dry by March 2024, and that he requested LV to take damp readings during the clearing visits. Unfortunately, there is no recorded evidence of those readings.

While Mr E's observations, that the house felt dry due to continuous heating, are understandable, my decision must be based on evidence of actions and assessments made by LV at the time.

Having reviewed the claim notes, I note that readings taken in March 2024 indicated the property was not yet dry at that time. This supports the position taken by LV who was of the view the property was not dry in March 2024 and so didn't commence reinstatement works until it was satisfied that drying was complete.

In light of this, I don't consider LV to have acted unreasonably or that its decision caused unnecessary delays. Its decision to wait until the property was confirmed dry before proceeding with works appears to be reasonable in the circumstances.

I can see the drying certificate makes reference to decontamination of the property, but Mr E says this didn't happen. I have seen correspondence within the notes that show Mr E raised this with LV in October 2024, but I haven't seen a resolution.

I asked LV about the decontamination. LV confirmed that its contractor typically performs anti-microbial treatments and general mould remediation. However, there was no specific charge recorded for mould remediation which suggests it wasn't carried out.

I think it's fair for LV to reimburse Mr E for the cost of the decontamination, provided he can supply evidence of payment, since this is something its own contractor was supposed to do at the time.

Removal of fuse board and central heating

Mr E isn't happy the fuse board was removed meaning there was no connection to the central heating. I understand Mr E paid for the power to be reconnected. The Investigator noted the removal of the electrics to the heating could have had a material impact on the progression of the claim.

I asked LV about the removal of the fuse board. It said an electrician was appointed to make the area safe in January 2024 so drying could commence. It also explained an electrician attended in February 2024 to check the electrics and get the heating back on to the property.

Mr E says the electrical consumer unit was removed in June 2024, leaving only three sockets in the utility room supplying power to the house and garage. At that time, I understand the property was unoccupied, so it wasn't essential for the full electrical system to be operational.

However, by October 2024, the central heating boiler still had no power. And so Mr E paid to have this restored to prevent any damp, and I think that's reasonable.

Given what I've seen I'm not persuaded LV has adequately explained why it took those steps with regards to the power supply. And I can see it caused Mr E inconvenience and worry. So, I think LV should reimburse Mr E for those costs, if it hasn't already done so.

Cash settlement

The purpose of the insurance policy is to indemnify Mr E, that is, settle the claim fairly without him losing out. Here Mr E is losing out – he has been forced to pay the remainder of the repair costs.

Mr E wasn't happy with one of the contractors appointed to carry out the work. And so, he took steps to engage with LV and his own contractor in order to resolve the issue with the insurers so the claim could proceed with no further delay. I can see LV initially started the repairs to the property with the strip out works, but the relationship between Mr E and the contractors broke down.

I asked LV whether it was able to evidence that it had explained the implications of accepting a cash settlement to Mr E at the time. And while I can see Mr E appointed a Project Manager to help with the repairs and so communication with LV went through the Project Manager, I haven't seen anything to show that Mr E was told what the implications were of accepting a cash settlement. And given the circumstances I don't think that was fair or reasonable.

LV said it offered the assistance of a surveyor, but Mr E had appointed a Project Manager to manage the works. LV has paid an allowance for surveying fees, and I think that's fair in the circumstances.

LV offered Mr E £250 in compensation for distress and inconvenience. And our Investigator increased this to £350. I've thought about this carefully. It's not our role to punish businesses where they have haven't acted fairly towards consumers, but given the circumstances described by Mr E and the inconvenience he has suffered I have detailed what I think would be reasonable below.

I recognise LV's poor handling of this claim will have caused Mr E unnecessary distress and inconvenience. He's mentioned the time taken to try and progress the claim as well as navigate the repairs. This Service has general guidelines for making awards for distress and inconvenience. The award band of £300 to £750 is used for cases where the impact of a business' mistakes has caused considerable distress and inconvenience that needs a lot of extra effort to sort out, with the impact typically lasting months. I understand the escape of water itself, and the considerable damage to his home will have been distressing, but that isn't something this Service can make awards for, I'm only considering the impact of LV's mistakes.

Having considered all of the above, I'm satisfied that in the circumstances £650 is reasonable to award."

Responses to my provisional decision

Neither party provided any further comments or evidence.

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 haven't been provided with any information from either party which alters the findings set out in my provisional decision. So, the findings set out in my provisional decision are now that of this, my final decision.

Putting things right

I've taken the view that LV have acted unreasonably and so I direct it to;

- Reimburse Mr E for the cost of decontaminating his property on receipt of the relevant evidence.
- Reimburse Mr E for the cost of reconnecting his central heating system on receipt of the relevant evidence, if it has not already done so.
- Add interest to the above at a rate of 8% simple per year, from the date the invoice was paid to the date of settlement.
- Pay Mr E £650 for the distress and inconvenience caused

My final decision

For the reasons I've explained I uphold Mr E's complaint and direct Liverpool Victoria Insurance Company to put things right by doing what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 21 November 2025.

Kiran Clair
Ombudsman