

## **The complaint**

Mr and Mrs S have complained about the way Liverpool Victoria Insurance Company Limited (“LV”) handled their subsidence claim.

## **What happened**

In 2018, Mr and Mrs S made a claim to their insurer, LV, after finding evidence of structural damage to their home.

LV accepted the claim and loss adjusters were appointed. Investigations took place, including soil analysis, arboricultural analysis, crack and level monitoring, and drainage surveys. Repairs were recommended, but there was some disagreement about what would be included in the claim. And Mr and Mrs S found progress to be slow.

Several years later, Mr and Mrs S said LV had still not been able to identify the cause of damage, and they felt there were numerous unresolved issues. So they made a complaint. In its response to the complaint, LV accepted there had been avoidable delays, and offered Mr and Mrs S £750 compensation for the impact of the problems they’d experienced.

Mr and Mrs S didn’t accept LV’s response, so they referred their complaint to the Financial Ombudsman Service. They said their ideal resolution would’ve been for repairs to be undertaken to restore the structural stability of their property. Our Investigator considered the complaint, and recommended LV take action to put things right for Mr and Mrs S, including underpinning the property and paying Mr and Mrs S compensation.

LV didn’t agree with our Investigator’s assessment of the complaint, so it asked for an Ombudsman’s decision. The complaint has therefore come 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.

As this is an informal service, I’m not going to respond here to every point raised or comment on every piece of evidence Mr and Mrs S and LV have provided. Instead, I’ve focused on those I consider to be key or central to the issues in dispute. There’s a large amount of information in this case, with the claim spanning several years, and I’d like to reassure both parties that I have considered everything submitted. And having done so, I’m upholding this complaint. I’ll explain why.

The insurance industry regulator, the Financial Conduct Authority (FCA), has set out rules and guidance about how insurers should handle claims. These are contained in the ‘Insurance: Conduct of Business Sourcebook’ (ICOBS). ICOBS 8.1 says an insurer must handle claims promptly and fairly, provide reasonable guidance to help a policyholder make a claim and give appropriate information on its progress. It should also settle claims promptly once settlement terms are agreed. I’ve kept this in mind while considering this complaint together with what I consider to be fair and reasonable in all the circumstances.

I should first clarify that I cannot consider the entire claim and how it was handled since it was first made in 2018. This is because LV issued its final response on 16 June 2023 – and explained that Mr and Mrs S had six months from the date of that letter to refer the complaint to this Service. So they would've had to refer it to us by 16 December 2023 in order for us to be able to consider everything that had happened up to that date.

Mr and Mrs S brought their complaint to us on 30 October 2024, so it was referred out of time. I've not seen any evidence of exceptional circumstances which would've prevented them from bringing the complaint here by the deadline. And the claim was ongoing, so they were communicating with LV during this time, which means they were able to refer their complaint to us by the deadline. I'm afraid therefore, I'm unable to consider anything complained of which happened before 16 June 2023 and which was covered by that final response letter. My decision therefore relates only to events which took place after that date.

The key issues Mr and Mrs S have complained about are:

- The delays in the ongoing assessment of the claim.
- The schedule of proposed works.
- The rectification of the structural issues.

I'll address each of these in turn, and alongside my consideration of these issues, I have also considered the overall impact on Mr and Mrs S of the service they've received from LV during the timeframe I can consider here.

#### *Claim Delays*

Our Investigator's view includes details of events which occurred before the date of the final response letter, and whilst I've considered what happened during that period of time in order to inform my understanding of the ongoing problems, I won't comment on those events.

The claim has now gone on for more than a further two and a half years unresolved, since the date of the final response letter. I've looked at the claim timeline to see what's happened and I don't consider it fair or reasonable for LV to have not yet determined the cause of the movement or taken all reasonable steps to resolve the claim.

There's some evidence of avoidable delays, such as the fact LV didn't act sooner to instruct an arborist to produce a report in relation to the implicated trees. And Mr and Mrs S have complained of changes to personnel, due to people leaving the company, which meant the claim was effectively put on hold for some time. Whilst I appreciate this can happen with any insurer, and would naturally cause delays, I think it's a fundamental principle that, whatever the background circumstances, LV's customers are entitled to expect LV to fulfil its obligations under the terms of the policy in a reasonably timely manner. I don't consider it's done so here.

Overall, I think LV has allowed the situation to go on for an excessive length of time without carrying out an effective and lasting repair to the property. Under ICOBS it is required to settle the claim promptly, which it hasn't, and I don't consider this to be fair on Mr and Mrs S.

#### *Schedule of Works*

Mr and Mrs S have complained that their property has continued to deteriorate due to the lack of progress of the claim. I'm satisfied that the current scope of works doesn't include all the necessary repairs.

It's not for me to say what should and shouldn't be included in the scope, but I think Mr and

Mrs S's position is reasonable. The evidence shows the property movement hasn't stopped in order to allow effective superstructure repairs to be carried out. If the property continued to move then any superstructure repairs, in all likelihood, wouldn't last.

Whilst I can't comment on what should be included in the scope in detail, I consider it fair that once substructure repairs have been carried out, a new scope should be devised and LV should include in this, any repairs to areas damaged both by the initial subsidence and by the ongoing movement and delays in the claim. LV will only be able to compile this scope of work, once the movement has stopped.

#### *Rectification of the Structural Issues*

Due to the ongoing movement and deterioration of the property, Mr and Mrs S commissioned their own reports by structural engineers who surveyed the property. The report they obtained in September 2025 was produced following extensive level monitoring, and confirmed that movement is ongoing and that due to the soil composition, the removal of trees could cause heave and further damage. So underpinning was recommended.

When this was put to LV, it said the following:

*"The monitoring continued to show slight cyclical movement of the foundation following the drain repairs suggesting seasonal shrinkage and heave of the clay soil. No progressive damage was noted following the drain repairs.*

*Monitoring was not extended to confirm stability. The decision to move to repair was made following drain repairs and tree removal.*

*We do not have any evidence of continued movement. Following tree removal there is no evidence of heave to support the requirement for underpinning. Heave would cause the building to lift and close the cracks."*

But this contradicts the findings of Mr and Mrs S's engineer, who said in September 2025:

*"Movement of the structure is continuing albeit the more recent movement appears to be fluctuations in level with an overall trend of slight continuing settlement.*

*There is evidence that the movement is continuing to widen cracks and there is also evidence that there is a considerable change in groundwater levels with flooding of the boiler room. With water ingress through cracks in the slab and beneath the access steps.*

*In view of the foregoing, it would appear that the only satisfactory means by which the movement could be arrested is by underpinning the foundations to a sufficiently deep strata that will not be affected by ground water movements."*

I'm persuaded by what Mr and Mrs S's surveyor has said, as the report is supported by detailed level monitoring measurements and analysis following recent inspections. LV has said the inconvenience that Mr and Mrs S will continue to experience doesn't justify underpinning the property to expedite the claim. I don't consider this a fair response, as the claim has now been ongoing for over 7 years and LV's priority should be keeping the disruption and inconvenience to a minimum. LV can't say when the ground will stabilise and the property will stop moving, so I think it needs to now carry out substructure repairs.

As I'm satisfied Mr and Mrs S's engineer's report has made a difference here, as it has highlighted the ongoing issues, I think they should be reimbursed for it, with interest.

### *Distress and inconvenience*

As I've said above, I've considered the impact on Mr and Mrs S of the ongoing delays in the claim and the way the claim has been handled by LV since 16 June 2023. I'm unable to take into account the £750 compensation offered in LV's final response letter, or whether it adequately reflects the disruption, frustration and disappointment Mr and Mrs S experienced up to the date of the letter.

I consider £1,000 compensation appropriate for the distress and inconvenience Mr and Mrs S have experienced since that date. I'm mindful that Mr and Mrs S's claim had been ongoing for over four and a half years by the time they received the offer of compensation, and there's been a further two and a half years of disruption to their lives since the letter, as the claim still hasn't been concluded. From my knowledge of subsidence claims, and my experience of deciding cases involving subsidence claims, I consider this to be an excessive length of time for a claim of this nature to go unresolved.

As the claim issues continue to cause Mr and Mrs S substantial disruption and inconvenience, and I consider the delays to have spanned several months and potentially over a year in total, I consider £1,000 fairly reflects the impact on Mr and Mrs S of the ongoing situation and is therefore fair and reasonable in the circumstances.

Whilst I appreciate Mr and Mrs S have said that LV's actions have resulted in a substantial longer-term impact and that the compensation should reflect this, I have to consider the time a subsidence claim of this nature would usually take to resolve, and the delays that I consider avoidable in this claim. I've also had to separate the distress and inconvenience Mr and Mrs S have understandably experienced due to their property suffering from subsidence, and the disruption they've experienced as a result of LV's actions. And overall, I'm satisfied that LV's actions from June 2023 until now have added to their distress, and warrant compensation of £1,000.

### **Putting things right**

Liverpool Victoria Insurance Company Limited should:

- Underpin the property.
- Compile a new schedule of works covering all claim-related damage to the property, including both the damage caused by the subsidence and the damage caused by the delays in dealing with the claim.
- Reimburse Mr and Mrs S for the cost of their independent structural engineer, plus interest at a rate of 8% simple per year from the date they paid the engineer until the date of settlement, subject to Mr and Mrs S providing evidence of payment.
- Pay Mr and Mrs S £1,000 compensation for distress and inconvenience.

### **My final decision**

My final decision is that I uphold this complaint and I direct Liverpool Victoria Insurance Company Limited to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 9 March 2026.

Ifrah Malik  
**Ombudsman**