

The complaint

Mrs and Mr O have complained about the way Liverpool Victoria Insurance Company Limited (LV) handled a claim they made under their home insurance policy which LV declined.

What happened

Mrs and Mr O moved out of their home to relocate in August 2024. The property was up for sale but hadn't yet sold.

In December 2024 Mr O contacted LV. He explained that their property was unoccupied.

LV said it didn't provide cover for unoccupied properties, but it would extend cover under the policy for 60 days to give them time to purchase alternative specialised insurance. LV provided details of a business that arranged such cover. LV didn't ask Mr O when they had moved out.

In January 2025 a pipe burst at the property causing water damage. Mrs and Mrs O made a claim to LV.

In April 2025 LV initially validated the claim. It asked Mr and Mrs O when they had moved out. On discovering Mr and Mrs O had moved out in August 2024, two weeks later LV changed its decision. LV decided to decline the claim by applying its 'unoccupied' exclusion.

In May 2025 LV upheld the complaint that it had taken too long to deal with and reach a decision on the claim. LV agreed to pay a cash sum as the equivalent amount it would cost its approved contractors to complete mitigation works under the claim. The cash sum settlement was £12,977.48. But it said its decision not to meet the claim was correct.

Mrs and Mr O accepted the sum as an interim offer but remained unhappy and asked us to look at their complaint. They didn't agree LV's decision to decline their claim was fair.

Mr O said they lost their buyers as a result of LV's delay in dealing with their claim. Despite asking LV if they could proceed with repairs while disputing its decision, LV didn't respond which caused further delay. Mr O provided a newspaper article about a similar issue to LV. But he says LV didn't take it into account when considering their circumstances.

One of our Investigators thought LV had made errors, but had done enough to resolve the complaint. He thought LV had reasonably declined the claim, and the offer to settle the claim with a cash sum for mitigation works was fair.

Mrs and Mrs O disagree and asked for an ombudsman to decide. They want LV to reverse its decision to decline the claim and meet it in full.

I issued a provisional decision on 27 January 2026. I intended to uphold the complaint and require LV to meet the claim. I thought LV should pay Mr and Mrs O £750 compensation for the distress and inconvenience caused by unfairly rejecting their claim.

Neither party replied to my provisional decision. So the case has been passed back to me for a final decision.

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 I haven't received any new comments from either party, my final decision is along the same lines as my provisional decision.

Mr and Mrs O's policy with LV sets out what it does and doesn't cover. Where a property is unoccupied for more than 60 days, LV doesn't provide cover for all insurable perils such as an escape of water, vandalism, or theft. But it does provide cover for storm, flood and fire. Applying exclusions for cover where a property is unoccupied isn't unusual as it can increase the risk of loss or damage compared to a property which is occupied.

Such exclusions are not unusual in standard home insurance policies. But I've looked at whether LV made the exclusions clear to Mr O.

Key statements from LV's policy read;

"Changes you need to tell us about during the period of cover

You must tell us as soon as possible if:

- you move house;

- you leave your home unoccupied for more than 30 days in a row."

"If you make any of the changes above, you won't be covered unless we've agreed to provide cover and issued a schedule, where appropriate. This means that, if you don't tell us, we may reject any claim or reduce the amount of payment we make.

If the changes you make mean we can no longer insure you, we'll give you notice of cancellation. Please see General Conditions - our right to cancel your insurance."

"What's covered;

Selling your home

The Buyer will be covered for loss or damage covered by this insurance up to the date the sale completes on your home.

If you're buying another property to live in which we have agreed to insure we'll cover your new property for loss or damage under this section for up to 90 days from the date contracts are exchanged or, in Scotland, the date your offer is accepted."

"What's not covered;

Loss or damage:

- the property is insured under another policy:

- the property is unoccupied for more than 60 days in a row:

- after the sale or purchase has completed."

So I think the policy wording was clear.

Mr O called LV on 29 December 2024 to tell it about the change in circumstances. I've listened to a recording of the call provided by LV.

Mr O said they had to move out of the property due to his wife's illness, to be nearer the hospital she was regularly attending. He began the call with; '*it's been a while*.' Mr O confirmed the property was not being lived in, it was being sold, and there was a buyer in the process of buying it.

LV's agent asked Mr O how long he thought the property would be vacant for. Mr O said; '*as soon as the conveyancing*' (completes).

LV's agent explained that LV didn't provide cover for unoccupied properties – but it would continue to provide cover for another 60 days to give Mr O the opportunity to obtain alternative insurance. The agent explained that LV would cancel the policy from 18 February 2025. The agent gave Mr O contact details for an alternative insurer that provided unoccupied property insurance.

When LV declined the claim, it said it was because it discovered that the property had been unoccupied since August 2024.

Mr O says that when he called LV in December 2024, the agent didn't ask him when he had moved out of the property – nor did the agent highlight the unoccupancy exclusion(s) under the policy, even though Mr O had contacted LV specifically to tell it they had moved out. Mr O says it is therefore unfair to decline his claim because of the date his property became unoccupied.

It seems reasonable that Mr O was aware of the need to update LV, as the purpose of his call was to explain a change in their circumstances.

However, I also think that LV's agent should have picked up on the fact Mr O said at the beginning of the call, '*it's been a while*' and failed to ask what date Mr and Mrs O had moved out of the property. This was a key detail that affected the information the agent gave Mr O about providing cover for a further 60 days. LV had the opportunity to ask this key question during this call, but it didn't.

I think it was reasonable for LV's agent - given the purpose of Mr O's call – to have highlighted the exclusion(s) that applied under the policy while the property was unoccupied. I think this didn't happen because the agent didn't clarify the date from which the property had been unoccupied. The agent didn't ask Mr O – but assumed the date of unoccupancy from the date of the call. I don't think this is something Mr O withheld and I don't think it is something he can be held at fault for.

I've considered what would have happened if LV's agent had let Mr O know of the limitations of his policy cover when he called it.

If LV had asked Mr O when the property became unoccupied, I think it would have become clear that it had already been unoccupied for more than 60 days. So the level of cover available under the policy was already significantly reduced in the event of a claim.

In any event, I find LV's agent should have explained the unoccupancy exclusions to Mr O for the agreed extended period of cover. As the agent didn't, I think it was reasonable for Mr

O to have assumed from the call that full cover was in place for a further 60 days – as LV was fully aware that the property was unoccupied and this was the purpose of his call.

So, on balance I find LV as the insurer has acted unreasonably here. Had it properly dealt with Mr O's call, it would have established that the property had already been unoccupied for 60 days. I think it would have acted differently.

LV provided details of an alternative insurer for Mr O to arrange cover for their property while unoccupied. Had LV properly handled the call, I find on balance it's more likely than not that Mr O would have looked to purchase alternative insurance much sooner. But he believed they had cover under their existing policy with LV until 18 February 2025.

I think LV's decision in April 2025 to reject the claim because the property had been unoccupied for over 60 days in this case is unreasonable. Mr O called LV to tell it about a change in circumstances, and it was for LV to have asked clear questions and provided clear information based on all of the facts. Because it didn't, I find it unfair for LV to decline the claim.

I think LV should meet the claim in full under the remaining terms and conditions.

Mr O first reported the damage on the same day he says it was identified, on 14 January 2025. On 2 April 2025 LV agreed for drying works to start on a 'without prejudice' basis while it continued to investigate the claim.

On 15 April 2025 LV called Mr O to ask when the property first became unoccupied and he confirmed this was from August 2024. LV told Mr O it would decline the claim as the property had been left unoccupied for more than 60 days. Mr O raised a complaint. LV ceased works on the property.

On 8 May 2025, just after it had replied to Mr O's complaint confirming its decision not to uphold it, LV reconsidered matters and said it should have started works to mitigate further damage much sooner and therefore had caused avoidable delay.

So LV said it would pay Mr and Mrs O £12,977.48 as the equivalent costs it would pay an approved contractor to carry out mitigation works.

Mr O says LV's decision to decline the claim led to the collapse of the sale. I cannot say that LV is responsible for the collapse of the sale of the home. There are many variables involved in the sale of a house and this is a speculative outcome for me to reach. But I think LV's handling of the claim has caused Mr and Mrs O significant distress and inconvenience as repairs ceased by LV after a delay of four months. Reports show Mr and Mrs O's property was heavily water damaged throughout by the escape of water from the loft. This has no doubt caused significant worry and disruption for Mr and Mrs O over a prolonged period of time. For this I think LV should pay Mrs and Mr O £750 compensation.

My final decision

My final decision is that I uphold this complaint. I require Liverpool Victoria Insurance Company Limited to do the following:

- Meet the claim under the remaining terms and conditions of the policy.
- Pay Mr and Mrs O £750 compensation for the distress and inconvenience caused.

Liverpool Victoria Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it Mrs and Mr O accept my final decision. If it pays later than this it

must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If Liverpool Victoria Insurance Company Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mrs and Mr O how much it's taken off. It should also give Mrs and Mr O a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O and Mr O to accept or reject my decision before 12 March 2026.

What happened

What I've provisionally 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.

My provisional decision

Geraldine Newbold
Ombudsman