

complaint

The delays in dealing with Mr C's home insurance claim (including those caused by the loss adjuster's opinion that the property was underinsured), which led to Mr C suffering losses that Liverpool Victoria Insurance Company Limited did not allow for in its claim settlement.

Mr C has been represented throughout this matter by Mr W.

background

Mr W made two claims on Mr C's behalf for damage to a rented property. After Liverpool Victoria's loss adjuster visited the property a dispute arose about whether or not the property was underinsured. The loss adjuster thought the property was underinsured (which meant Liverpool Victoria could reduce the claim settlement). Mr W disagreed and eventually appointed a surveyor to calculate the rebuilding cost (so that it could be compared to the amount the building was insured for).

Mr W argued his case with the loss adjuster but the loss adjuster remained of the view that the property was underinsured. Mr W complained to Liverpool Victoria. It said it wouldn't reduce the settlement due to doubts over whether the property was in fact underinsured.

In the meantime the property remained unrepaired. The tenants grew tired of living in the property as it was and eventually stopped paying the rent. Arguments then ensued about Liverpool Victoria compensating Mr C for the loss rent.

Ultimately, Mr W outlined Mr C's claim at over £17,000. This was for the initial work carried out by his contractor, the remaining repairs, the surveyor's fee and lost rent. Liverpool Victoria offered Mr C £11,350. Mr C rejected the offer and brought a complaint to us.

Our adjudicator thought the complaint should be partially upheld. She felt Liverpool Victoria should:

- pay the surveyor's fee;
- consider a further claim for lost rent or alternative accommodation when the repairs have started; and
- once the repairs are complete and Mr C/Mr W provides a copy of the repair invoice, pay the difference between its current settlement and its original offer.

Our adjudicator felt Liverpool Victoria's offers for the lost rent and for the repair costs (if the repairs aren't completed or no repair invoice is provided) were fair.

Liverpool Victoria agreed with our adjudicator's conclusions; however, it felt Mr W should have had the repairs completed by now and didn't want to leave things open ended. Mr W re-iterated that the complaint concerned the loss adjuster's incorrect opinion about the underinsurance and other tactics which delayed settlement, which led to the tenant withholding rent. He also made various comments about the tenant's refusal to pay rent.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

repair work

Mr C has effectively claimed £8,544 (plus VAT) for the repairs. This consists of £1,044 for the initial work carried out by his contractor trying to trace the leak and dry the property (which Liverpool Victoria has agreed to pay) and £7,500 offered by Liverpool Victoria for the remaining repairs.

Based on the position of the claim when the complaint was brought to us, I am satisfied that Liverpool Victoria's offer was fair. This is because the repairs had not been carried out, so Mr C's loss was only the cost of the initial repair. However, I agree with our adjudicator that Mr C will most likely have the repair work done (he may have done so already). At that point, it would be fair for Liverpool Victoria, to settle the claim as per its previous offer. To be clear, that will mean that it should pay a total of £10,252.80 – unless Mr C's contractor doesn't charge him VAT (in which case Liverpool Victoria will only have to pay a total of £8,544).

surveyor's fee

The loss adjuster was entitled to his opinion in respect of the rebuilding costs of the property. However, it does appear that his initial calculations were based on incorrect measurements. And what is clear to me having reviewed everything is that the loss adjuster appeared extremely reluctant to concede that his estimated building costs might be wrong. This was compounded by the fact that, as far as I can tell, he never once discussed the matter with Liverpool Victoria.

Ultimately, Mr W took up the loss adjuster's offer of getting a surveyor to provide a professional opinion to back up his contention that the property wasn't underinsured. The surveyor's opinion was part of the overall information Mr W provided directly to Liverpool Victoria, which led to Liverpool Victoria disagreeing with the loss adjuster.

Liverpool Victoria has argued that the costs were incurred as part of verifying and presenting the claim. I disagree. In my view, they were incurred in order to successfully argue against the loss adjuster's opinion that the property was underinsured. I therefore conclude that these costs should be reimbursed by Liverpool Victoria.

loss of rent

The monthly rent was £750. Mr C claimed total lost rent of £5,550 (two months @ £150 per month where the tenants paid reduced rent and seven months @ £750 per month when they paid no rent at all). Liverpool Victoria agreed to pay the two months @ £150 in full, and 50% of the remaining loss.

I think there is a good argument for concluding that the loss adjuster's initial incorrect measurements and calculations led to the claim settlement being offered far later than it otherwise might have been. I also think there is a good argument for concluding that this led to the tenants living in the damaged property and to them reducing the rent. However, I am not persuaded that this led to all of the losses Mr C suffered.

From what I have seen it seems that the tenants unilaterally decided to not pay any rent. I haven't seen any evidence to show that they were contractually entitled to do this. And it seems that Mr C, or Mr W on his behalf, allowed the tenants to pay no rent by not forcing the issue and/or trying to negotiate a lesser reduction. I also note that the tenants started to pay full rent again after nine months, after Mr W carried out some temporary repairs. There is

therefore an argument that the losses could have been reduced had these repairs been carried out earlier.

It is not for me to judge what Mr C or Mr W should or shouldn't have done. My role is simply to decide whether Liverpool Victoria's offer was fair. I believe that it was. Whilst Mr C lost a total of £5,550, I am not persuaded that this was solely due to any mishandling of the claim by Liverpool Victoria or its loss adjuster.

I cannot ask Liverpool Victoria to pay anything for when the repair work is done because it isn't clear what costs or losses Mr C will incur. Mr C/Mr W will need to make a claim at the relevant time and Liverpool Victoria will need to consider that claim.

my final decision

For the reasons outlined above, I uphold this complaint in part. I require Liverpool Victoria Insurance Company Limited to:

1. pay Mr C a total of £8,544 (plus VAT if appropriate) for the repairs, if the repair work is carried out and the repair invoice is provided; and
2. pay Mr C £270 (plus VAT) for the surveyor's fee, plus interest at a rate of 8% simple per annum calculated from the date the surveyor was paid.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr C (or Mr W on his behalf) to accept or reject my decision before 20 August 2015.

Paul Daniel
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