

The complaint

Mr C complains about Liverpool Victoria Insurance Company Limited (“LV”) and the way they handled, and settled, a claim he made on his home insurance policy, following damage caused by a roofing company he initially instructed.

What happened

The claim and complaint circumstances are well known to both parties. So, I don’t intend to list them chronologically in detail. But to summarise, Mr C held a home insurance policy, underwritten by LV, when he engaged the services of a local roofing company, who I’ll refer to as “X”, to remove and replace the existing roof on his conservatory.

But when X came to complete the works, they caused additional damage to Mr C’s property, with the intention of increasing the amount Mr C would need to pay. Mr C was unhappy about this, so he contacted the police, and a criminal investigation against X is continuing. Mr C then contacted LV to make a claim on his home insurance policy, to recoup the costs he’d needed to pay to repair the damage caused to his home.

LV instructed a loss adjustor, who I’ll refer to as “W” to handle the claim on their behalf. As W were acting as agents of LV, I will refer to actions taken by W as if they were taken by LV. Following a report compiled by W, Mr C’s claim for vandalism/malicious damage was accepted. And LV appointed another company, who I’ll refer to as “B”, to decide what it would cost them to reinstate Mr C’s home to the condition it was in prior to X’s attendance.

B did this, calculating a total reinstatement cost of £7,100.70 less Mr C’s policy excess. So, this is the cash settlement paid to Mr C, as Mr C had already instructed his own contractor to complete the necessary repairs to protect his home from further damage. But Mr C was unhappy with this offer, as it was significantly less than what he’d paid. So he disputed this, asking LV to increase it.

LV considered Mr C’s dispute, but didn’t agree to increase the settlement, as they thought Mr C’s new conservatory roof was a better one, which was the cause of the difference between their settlement, and what they had paid. Mr C was unhappy about this, and the way the claim had been handled, so he raised a complaint.

LV responded to the complaint and upheld it in part. They explained that upon review, they didn’t think the policy they provided covered Mr C for the reinstatement of the conservatory roof, as this was removed as part of an existing agreement Mr C entered into with X. So, they thought the cash settlement they had paid Mr C was more than what they should’ve offered.

But they accepted there had been failures with the service they provided, including human errors relating to who was named in reports and scopes of work and so, they explained they would honour the original settlement to recognise the above. Mr C didn’t agree with this response, maintaining his belief that the settlement should be increased and so, he referred his complaint to us.

Our investigator looked into the complaint and didn't uphold it. They thought LV were fair to decide the vandalism didn't extend to the conservatory roof under the terms of the policy Mr C held. So, they didn't think it was appropriate for them to comment on the costs required to replace the conservatory roof, which was the main cost dispute of the claim. And they didn't think Mr C had been placed at a financial loss regarding the blinds, nor did they think they'd seen evidence to support this. Finally, they accepted there were errors during the claim process itself, but they didn't think this had caused detriment to Mr C overall. So, they didn't think they needed to do anything more.

Mr C didn't agree. And he continued to refer to the ongoing criminal proceedings against X, and why he felt this should impact the decision of our service. Mr C also raised a new issue, stating why he didn't think LV had followed correct procedure during the claim. This was put to LV, but LV felt this issue was a repeat of Mr C's complaint already put to our service and so, had no further comments to provide. Our investigator's view remained unchanged and so, the complaint has been passed to me for a 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.

Having done so, I'm not upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on Mr C. I don't doubt the emotional distress he's been caused by the claim circumstances, as I appreciate he engaged the services of X in good faith, only to discover they were a company with a history of taking advantage of customers and at times causing additional damage to customer homes for financial gain.

And I recognise Mr C took out a home insurance policy with LV to help assist him both practically and financially in situations where his home had been damaged and would incur costs to be repaired. So, I do recognise why he'd contact LV to make a claim. And when LV offered a cash settlement that didn't cover the costs Mr C had incurred, I can understand why he'd feel unfairly treated, as he was left at a financial loss through no fault of his own.

But for me to say LV should do something more than they have already, for example increase the cash settlement already paid to Mr C, I need to be satisfied they've done something wrong that hasn't already been fairly compensated for. So, in this situation, I'd need to be satisfied that the settlement offer paid by LV failed to be calculated in line with the terms of the policy, and standard industry approach. Or, if I think the settlement was, I'd need to be satisfied LV acted unfairly in some other way, that requires additional compensation. And I don't think that's the case here.

Before I explain why I've reached this decision, I think it's fundamentally important to set out exactly what I've been able to consider and what LV are responsible for, in their role as the insurer of the home insurance policy Mr C held.

I recognise there is a criminal investigation ongoing against X. And I do appreciate why Mr C thinks this is relevant to his claim, and complaint. But I must make it clear my role, and the role of our service, is to consider the service LV has provided to Mr C directly and decide whether it was fair and reasonable. It is not our role to consider the actions of X or the legality of the actions they took. And we are an entirely separate organisation, seen as an

alternative to the court. We do not, and cannot, comment on separate court action or use this action as a consideration in any decision we make.

I also want to make it clear that the purpose of the policy LV provided is not intended to indemnify the actions of X, or to protect Mr C in any agreement or contract he entered into with X. Instead, the policy is intended to protect Mr C's home and ensure repairs are arranged, or covered, to any damage that is caused by one of the insured perils listed within the policy itself.

In this situation, the insured peril would fall under the vandalism heading, which can also be known as malicious damage. So, this heading would cover any damage purposefully caused to Mr C's home, that he hadn't authorised. And this is the claim Mr C's complaint relates to.

I can see that following the initial report compiled assessing the damage to Mr C's home, LV agreed there had been additional damage caused by X, with the intention of X gaining from this financially. I'm satisfied that any additional damage X did cause under this pretence should fall under this insured peril and so, I think LV should cover the costs of this. And from what I've seen, I think they have fairly.

Having review the file at length, I think it's clear the main dispute centres around the costs Mr C incurred replacing the conservatory roof. But I note that X were instructed by Mr C to remove, and replace, his conservatory roof. So, I do think the removal of this roof was authorised by Mr C. And because of this, I don't think the removal of this falls under the vandalism peril. And so, I do think it follows that any reinstatement of this roof would also not be covered under a strict application of the policy terms.

But I can see LV did agree to cover the costs of this initially. And so, I do think it is right, and fair, for LV to honour this agreement as they failed to manage Mr C's expectations as I'd expect them to do. But even so, I must consider the fact that by paying a settlement that included this amount, Mr C has been left in a better financial position than he should've been.

And as I don't think the replacement of the roof should've been covered under the policy, I don't think it would then be appropriate for me to consider Mr C's arguments explaining why he thinks LV should reimburse him substantially more than the actual costs he incurred for the replacement that's since been fitted.

But even if I was to consider this, it's crucial to note that the policy LV provided would only ever cover the costs they would incur to reinstate the conservatory roof on a like for like basis, with the same roof that was present before X removed it. And I note the roof Mr C has since had installed it's materially different and so, I do think this new roof would be seen as betterment. And in line with standard industry approach, our service wouldn't expect LV to incur costs incurred by a customer that was placing that customer in a position of betterment. So, while I don't intend to diminish in any way the impact suffered by Mr C, including the financial impact X's actions have ultimately caused him, I don't think I'm able to say LV should increase the settlement he's already received.

I think the above also covers Mr C's comments and arguments regarding the blinds, as he's had a new roof which from the evidence I've seen, doesn't require roof blinds as it's made from different materials. And even if I didn't think that was the case, I don't think the issue with the blinds would fall under a claim for malicious damage, which is the one this claim refers to. It would instead most likely be considered under a theft claim, against the contents aspect of his policy. And to claim for this, Mr C would need to provide LV with information such as proof of ownership, cost and any other information they felt they would need and from what I can see, I can't see this information was available at the time of the claim

decline. So, I don't think I can say LV have acted unfairly when not reimbursing Mr C for the blinds, under the claim he made accepted under the vandalism and malicious damage peril.

I also want to reassure Mr C I have considered his complaint points regarding the overall service he's received and any other increases in settlement he thinks he should be due.

But as I've explained above, I must consider the fact the settlement he's received has placed him in a better financial position than he should've been in. And when I consider this, against the limited detrimental impact I think he's been caused by the administrative errors found in the reports and schedule of works LV arranged, and what I think is evidence of LV's proactive approach to considering his disputes during the claim process, I don't think any additional compensation, or payment, is required on this occasion.

And I've also considered Mr C's additional comments referring to what he feels is evidence of LV failing to follow internal procedures when progressing the claim. And from what I've seen, I think this refers to LV not sending three contractors to his property to quote for the repair work, based on the schedule of works. But this isn't something I would expect LV to do here, as Mr C had already engaged with his own contractor to complete the repair work he felt was necessary. I would only expect LV to consider tendering to contractors if Mr C wished to use LV's own contractors and I can't see that he did here. So, I don't think LV have acted unfairly or unreasonably and because of this, I don't think they need to do anything more.

My final decision

For the reasons outlined above, I don't uphold Mr C's complaint about Liverpool Victoria Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 8 April 2024.

Josh Haskey
Ombudsman