

The complaint

Mrs H complains about the way Liverpool Victoria Insurance Company Limited ("LV") handled a claim she made for damage caused by subsidence on her home insurance policy.

Mrs H is being represented in bringing this complaint, but for ease I've referred to all actions and comments as being those of Mrs H.

Any reference to LV in my decision includes the actions and comments of any of its agents, unless specified otherwise.

What happened

In February 2021, Mrs H contacted LV to make a claim on her home insurance policy. She was concerned the front wall of her house seemed to be sinking, and there was significant damp. She'd also noted cracks had formed externally and inside the property.

In March 2021 LV instructed a surveyor, P, to assess the property. P's report said the drains could be investigated, but it didn't think the damage Mrs H reported was caused by an insured event. So, LV declined the claim at that point saying the damage hadn't been caused by an insured peril. Mrs H contacted LV again later in the year as she thought the damage was getting worse. At that point the drains were inspected in November 2021. The inspection confirmed there was damage to the drains which had resulted in ground movement. So, LV accepted a claim for subsidence.

The drains were repaired in Summer 2022 and repairs were progressing, but Mrs H raised concerns about delays in the claim and the quality of some of the work already carried out. She was also unhappy about LV's decision to exclude some damage from the claim, such as repair works to gutters and a roof. LV had said issues with those hadn't been caused by subsidence.

Around September 2023, Mrs H made a complaint to LV about the above issues. It didn't respond to the complaint and so, Mrs H referred it to the Financial Ombudsman Service.

Our Investigator looked at issues up until November 2023. Having done so, she wasn't satisfied LV had treated Mrs H fairly. She said it had caused numerous avoidable delays to the claim by mismanaging it and not acting on reports. She said LV had declined to carry out repairs to gutters, only to later accept that these should have been included.

She said Mrs H's concerns about LV's intended repair, and its exclusion of certain elements, had been warranted. She said LV's poor handling had caused Mrs H a significant amount of distress and inconvenience. She said concerns about damp in the property had led Mrs H's children to be unable to sleep in their own bedrooms for much longer than they should have done. She said LV should pay £2,000 compensation to reflect the unnecessary distress and inconvenience caused to Mrs H.

In relation to the outstanding repairs - our investigator didn't think LV had been unreasonable in declining to replace Mrs H's roof, as she said none of the reports supported the roof needed replacing as a result of the subsidence. So, she said Mrs H would be responsible for the works needed to the roof. She said there had been various outstanding repairs outlined in two reports carried out by LV's contractors, one done by S and another by T. She said LV needed to carry out all repair works listed in those two reports including repointing the whole front elevation of the property and installing cavity wall ties.

Mrs H accepted the outcome of the Investigator, but LV didn't. It didn't accept some of the delays were as a result of its inaction. Although it did accept the claim journey should have been smoother for Mrs H, it didn't say what it thought a fair offer of compensation would be.

It also didn't accept that it should include repointing the property or installing cavity wall ties as part of the claim. It said the need for those to be rectified hadn't arisen because of an insured peril. And it said the guttering had never been accepted as part of the claim. Our Investigator responded to LV's points and said they didn't change her opinion. LV asked for an Ombudsman to consider the matter and so it has 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.

Instead, I've focused on those I consider to be key to determining the complaint. But I would like to assure them I have considered everything provided.

LV as an insurer has to a responsibility to handle claims fairly and promptly and must not unreasonably reject a claim. Here, LV accepts the claim hasn't been as smooth as it should have been, and so I've firstly considered what I think an appropriate award of compensation is as a result of the unnecessary distress and inconvenience caused to Mrs H. Having done so I'm satisfied £2,000 is a fair amount. To explain why, I think it's important to outline briefly where I think the major delays have been.

Our Investigator said it was unreasonable that LV didn't carry out a drainage report in March 2021, when the claim was first raised. I feel differently to our Investigator on this point. The report said it thought it more likely that the cracking reported was a result of slipped brickwork. It also reviewed historic photos of the property and noted some of the damage had been present for a long period of time. The report suggested the insurer could check the drains but concluded the damage didn't seem to be from an insured peril. Having considered everything, on balance I don't think LV acted unreasonably in not carrying out a review of the drains, based on that report. So, I don't think LV caused an avoidable delay between March 2021 and when it later did inspect the drains in November 2021.

Whilst this is different to what our Investigator said, I ultimately don't think this difference has altered my review of the claim as a whole. I still think £2,000 compensation is reasonable even without factoring in this delay. And so, I haven't felt it necessary to put this to both parties to comment on before reaching a final decision.

It was confirmed the claim would be covered at the end of November 2021, however repairs to the drain didn't happen until early September 2022. LV says this was because it was a shared drain and it needed consent from the neighbour. But I think it waited an unreasonable amount of time before progressing matters when it didn't receive a positive response from the neighbour. It seems LV waited around three months before making its initial contact with the neighbour. And when it did, I note LV said it would proceed with repairs if it didn't have a response within two weeks. But in the end – after having brief initial contact with the neighbour – it waited around seven months before agreeing to carry out the repairs without the neighbour's consent. I consider around two months, at a generous estimate, would have been reasonable in the circumstances.

Once LV agreed to go ahead in June 2022 it seems a date in July was being discussed but Mrs H said she'd be out of the country for a few weeks, and it wasn't until the end of August that she contacted LV further. At that point I'm satisfied LV acted promptly to book in the repairs. And whilst I understand Mrs H was away, I can't ultimately say LV should compensate her for that delay. So overall, bearing in mind what I said about two months being generous for sorting the drains out, I think LV's actions delayed this part unreasonably by around five months.

The next issue was around the repair schedule. There seems to have been some initial delay in drawing this up, and one wasn't done until December 2022. But in May 2023, five months later, LV's contractors were in dispute as to the scope of the works and the costings. And Mrs H raised her own concerns about repairs that were in scope.

I consider the actions of the contractors, and so LV to have been poor at this time. It took an unreasonable amount of time to agree a repair schedule. I am also deeply concerned that recorded on the file is a reference to excluding apparent claim related damage to the guttering 'unless Mrs H pushes for it'. It is unacceptable for a business to remove claim related damage from a schedule – presumably for cost saving purposes – which it may have got away with, had Mrs H not made a complaint.

It wasn't until October 2023 when further reports were submitted that any progress seems to have been made, and LV agreed to replace the contractors on site as the relationship between them and Mrs H had broken down. But all of this took too long. I consider it would have reasonably taken two months to discuss and agree a repair schedule but for LV's poor handling. It also took too long to decide whether it would cover repairs to the roof. Whilst this was declined various times as being unrelated to the claim, LV realised in November 2023 that a report - which should have been done in 2021 - was never actually been carried out. So, it was finally done in November 2023. All of this could have been avoided with better claim management.

Having considered all of the above I'm satisfied that after the drain repairs, LV unnecessarily delayed the claim by around a further eight months.

So, overall, I'm satisfied LV caused unreasonable delays of at least a year. And I think this has had a significant impact on Mrs H. She's said issues with the guttering - which should have been agreed as covered much earlier - had resulted in damp in two first floor rooms, due to water ingress. So, her children had been unable to sleep in those rooms for a significant amount of time. I consider this to be not only sustained disruption to daily life, but also a cause of considerable worry for Mrs H, who was concerned about the impact of the damp on her children's health. This could have been avoided by LV taking proactive steps to either undertake a temporary repair, or by simply not unfairly disputing repairs which ought to have been included as part of the claim in the first place.

LV has said some of the claim has been delayed by Mrs H raising issues with the contractors. However, from my review Mrs H was right to raise concerns. Mrs H asked for the internal work on the property to be paused until the guttering was sorted. This was because she felt any internal works done to the bedrooms would be ruined by water ingress from the gutters. I think that was a reasonable argument for Mrs H to make. I also consider her having to make these arguments, would have also caused Mrs H unnecessary distress and inconvenience. Having reviewed this Service's published guidelines around awarding compensation, to recognise the impact of LV's poor handling, it will need to pay £2,000 compensation to Mrs H.

I've next considered the outstanding issues of repairs that should be included as part of the claim. Having received our investigator's view, Mrs H accepted that repair works to the roof wouldn't be covered as part of the claim as it hadn't been shown the issues had been caused by the subsidence. Even though it's been agreed, for completeness I wanted to set out that I agree with what our investigator said on this point for the same reasons; it hasn't been shown that the issues with the roof are connected to an insured peril. So, Mrs H will have to fund her own repairs to the roof before the remainder of the work can be carried out.

LV had a structural report carried out by S in March 2023, that recommended a number of rectification works, including repointing the front of the property and installing cavity wall ties. In September 2023, a report by T, a structural engineering company, was also carried out. This supported all of the repairs stated in S' report, including on the repointing and the cavity wall ties.

LV says these issues aren't related to the claim, and so shouldn't be covered. It said the report by T says wall ties are needed due to lateral movement, not subsidence.

It is important to set out that this Service would expect insurers to include non-claim related damage in the repairs if doing so is the only way to provide a lasting and effective repair to the property damaged by an insured event.

All of the reports carried out agree the front of the property has been the most significantly affected, and the reports agree this has led to loose mortar in places. So whilst it's possible not *all* of the mortar loss is linked to the subsidence claim, I consider it would be impractical to split out the repointing needed due to the claim and the repointing needed due to any other reason. The reports refer to damage across the mid-section of the front of the property, so I consider the claim related damage to be a large enough area that it would be fair, as part of a lasting and effective repair, to carry out repointing to the entire front of the property.

In relation to the wall ties, while LV has said these aren't needed because of the claim, again I'm not persuaded it's evidenced it can do a lasting and effective repair without including them. I say this because two structural inspection reports refer to them as being needed to resolve issues with the front of the property. Whilst I accept lateral movement damage may not be covered under the policy, I haven't seen any persuasive evidence that this repair would still be needed if the property hadn't been affected by subsidence. So, on the face of it, I'm not persuaded the need for the wall ties is wholly unconnected to the claim.

It might be that it is the case the lateral movement hasn't been exacerbated by the subsidence. And it could be that LV can do a lasting and effective repair to the claim without including these. But given the significant delays already experienced in this claim, I don't think it would be reasonable to allow any more time for LV to show that those repairs needed are standalone. So I think in order to move an unfairly delayed claim along, LV will need to include these works as part of the repair.

Like our Investigator, I've reviewed matters that happened until around November 2023. However, if Mrs H continues to have further issues, not addressed by this final decision, with LV, then she can make a further complaint about those, and this Service can consider them separately.

My final decision

My final decision is that I uphold this complaint. I direct Liverpool Victoria Insurance Company Limited to:

- Follow the repair schedules set out by S and T's report, including repointing the property and installing cavity wall ties in the front of the property. It must also include repairs to the gutters as part of the claim related damage.
- Pay Mrs H £2,000 compensation for the unnecessary distress and inconvenience it has caused her.

Liverpool Victoria Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it Mrs H accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 20 May 2024.

Michelle Henderson

Ombudsman