

The complaint

Ms Y complains that Liverpool Victoria Insurance Company Limited (“LV”) unfairly declined her claim for damage caused by an escape of water, under her home buildings insurance policy.

What happened

In October 2023 Ms Y arranged for a builder to inspect her bath as it was unstable. The builder removed the side of the bath and found extensive damage to the wooden floor beneath. He also found damage to the walls in the bathroom. He told Ms Y the damage was due to a leaking waste trap under the bath and that the damage extended into her kitchen.

Ms Y contacted LV after her builder had begun the repairs. She says the agent she spoke to confirmed she was covered and to provide quotes. She was told LV would calculate any settlement based on the rates it would pay its approved contractors. Ms Y says she was pleased that the repair costs would at least be partially covered.

Ms Y says she was subsequently told that her claim had been declined in full. This was because she’d arranged for repairs to be completed before LV had the opportunity to validate the claim. She didn’t think this was fair given what its call handler had told her and so she complained.

In its final complaint response LV says that it declined Ms Y’s claim because it hadn’t agreed for her to arrange the repairs. It says Ms Y hadn’t given it the opportunity to validate her claim. LV says Ms Y has since provided additional information, which it has reviewed. But it has maintained its decline decision in line with its policy terms and conditions.

Ms Y didn’t think LV had treated her fairly and referred the matter to our service. Our investigator didn’t uphold her complaint. She says LV’s call handler could’ve been clearer on the claims process. But by the time Ms Y called LV, her builder had already begun the repairs. This precluded the opportunity for it to validate the cause of the damage. She says LV’s policy terms allow it to decline the claim in these circumstances.

Our investigator says LV caused Ms Y distress and frustration because of the unclear information its agent gave during the initial claims call. To acknowledge this, she says it should pay her £250 compensation.

Ms Y didn’t accept our investigator’s findings and asked for an ombudsman to consider her complaint.

It has been passed 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.

Having done so I'm upholding Ms Y's complaint. I'm not adding to the award our investigator proposed. I'm sorry to disappoint her. I can understand this must be a very distressing time. But I'll explain why I think my decision is fair.

It's for the policyholder to prove that they have suffered an insured loss, fire, theft, flood etc. If they can, then generally speaking, the insurer should pay the claim. This is unless it can reasonably rely on a policy exclusion not to.

Ms Y says an escape of water originating from a waste pipe beneath her bath caused damage to her bathroom floor and walls. This damage has also extended into her kitchen. She has provided photos that she took as well as some taken by her builder. These show the bath with the side panel removed. Extensive damage to the wooden floor can be seen both under and next to the bath. But the photos don't show the waste pipe or demonstrate the cause of the damage.

I've listened to the calls Ms Y had with LV when she first reported her loss in October 2023. Ms Y explains she first noticed that her bath was "wobbly" and had called in a builder to investigate. She says the drain was blocked and there was a problem with the pipe under the bath. Ms Y tells LV's agent she instructed a builder to repair the damage. The agent then transfers the call to LV's claims team.

The call with LV's claim team lasts just over half an hour. Around four minutes in Ms Y involves her builder in the conversation whilst he's undertaking the repairs. He reiterates that the cause of the damage was a leaking waste pipe. He says this has resulted in severe damage to the floor. The builder says the majority of the floor has been taken up in the bathroom. As well as removal of the bath, toilet, the wall tiles, and the plaster beneath. Ms Y's builder says the walls were damaged when water seeped up from the sodden timbers.

Later in the call LV's agent says, "*So you are covered for an escape of water, so we can cover you for the damage that is caused as a result of the leak. What we don't cover is the cost to repair the pipe itself*". The agent goes on to say LV can have a look at the damage caused by the escape of water. He says LV validates claims based on its costs for doing the repairs. So, once it receives Ms Y's quotes it will calculate from there. The agent says Ms Y is welcome to use her own trades. Ms Y's builder then queries what this will mean if his costs are higher. This is discussed further. LV's agent says it won't necessarily send a surveyor out, but it can consider costs based on the quotes provided. It's explained that LV won't pay more than it would pay its approved repairer for the work.

The call ends with LV's agent saying he will send an email confirming the information Ms Y needs to provide.

Ms Y didn't respond to LV's request until around four weeks after this call. The information she provided consisted of quotes and invoices for completed works. The records show LV was unable to validate the claim based on this information. So, it intended sending a contractor to inspect and validate the claim. Its contractor contacted Ms Y in mid-November 2023, but she advised she'd already had the bathroom work completed and had her own trades in the property. Following this LV reviewed the claim in mid-December and determined Ms Y didn't wish to proceed.

As a result of a contact from Ms Y in late January 2024, LV informed her that her claim had been declined. It says it wasn't given the opportunity to access her property and assess the cause of the damage. Ms Y responded with photos of the damage and a document describing what her builder had found. The records show this information was considered by LV. It refers to it being difficult to validate the claim based on the photos provided. It refers to

the sealant as “very worn”. There’s an email from the contractor LV intended to inspect the damage. This says the damage looks to be caused by a long-term leak from the mastic seal or grouting to the wall tiles. The contractor says it would have repudiated the claim.

LV has referred to the following policy terms to support its decline decision:

“You must not without our consent.. – make your own arrangements for repair or replacement”

And:

“Care of your property...You must give us or our agents access to examine your property”.

The upshot of this is that LV doesn’t accept it was given the opportunity to validate Ms Y’s claim, as required by its policy terms. I agree with this view.

By the time Ms Y contacted LV her builder had removed all the bathroom furniture, the floor, and the wall plaster. The room was being dried out and had been for the preceding five days. I don’t think LV’s agent was clear in terms of LV’s validation requirements. This could certainly have been explained better during his call with Ms Y. But by this time the supposed cause of the damage had been removed by her builder. There was nothing left in the bathroom for LV to inspect in order to reasonably identify an insured cause for the damage. LV’s contractor says failed grout and or sealant is the likely cause of the damage. This is based on the photos Ms Y provided. Her policy doesn’t provide cover for gradual causes due to wear and tear. I think deteriorated sealant and grouting reasonably falls within this exclusion.

Ms Y has paid for her bathroom to be repaired and for reinstatement work in her kitchen. I can understand her distress that LV isn’t contributing to these costs. But the damaged areas needed repairing. Ms Y had already appointed a builder who was around a week into carrying out repair work before she contacted LV. Based on this information I don’t think the conversation she had with LV’s agent impacted on the repair work she intended carrying out.

Having considered all of this I don’t think Ms Y has reasonably proved that she suffered an insured loss. She arranged for repairs to begin before contacting LV. This prevented LV from validating her claim and goes against the requirements set out in her policy terms and conditions. Because of this I don’t think it treated her unfairly when it declined her claim for the reasons it gave.

Ms Y has been caused distress, inconvenience, and some frustration because of the lack of clear information LV’s agent gave over the phone. I accept that she has been going through a difficult time of a late and she found this incident upsetting. I don’t think LV is required to cover Ms Y’s losses. But it should acknowledge the impact its unclear explanation had regarding what was required to validate her claim. I agree with our investigator that £250 compensation is fair.

My final decision

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

- pay Ms Y £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms Y to accept or reject my decision before 10 January 2025.

Mike Waldron
Ombudsman