

complaint

Mr B is unhappy with Liverpool Victoria Insurance Company Limited (LV) in connection with a claim he made to it on his home insurance following a water leak.

background

In the middle of February 2017, there was a leak from the sink in the en-suite bathroom in Mr B's home and this was notified to LV. During the notification call the hall carpet was said to be wet. When LV's loss adjuster visited Mr B's home in mid-March 2017 further damage was found. This was attributed to a leak from under the bath in the main bathroom.

Mr B believed, as well as damaging his bathroom, this second leak had affected his kitchen *and* sitting room (the bath straddles the wall between the two rooms). In May 2017 LV began drying the property and undertook repairs in the kitchen. But Mr B wanted to upgrade his bathroom so LV, having stripped and dried it, said it would settle in cash for the reinstatement work that would have been needed as a result of the insured damage (the floor under the bath needed repair). LV said the damage in the sitting room was unrelated.

Mr B was unhappy, particularly with the repairs carried out in the kitchen. He also felt the settlement for the bathroom was insufficient given the work required. Mr B felt everything had taken far too long and the impact on him and his family had been significant.

In July 2017 LV issued a final response. It accepted there had been some delays and offered £100 compensation. Whilst it felt the family had still been able to cook it offered £10 per adult and £7.50 per child, per day for a period of six weeks as a disturbance allowance. It said it wouldn't extend that period, its settlement was fair.

Mr B complained to this service and our investigator considered his complaint but didn't think it should be upheld. Mr B objected and we passed his points to LV. Following this and some further contact from either side LV did make some offers in respect of a few of the issues Mr B had raised concerns about. But it wasn't minded to accept liability for the rest.

As an impasse had been reached the complaint was passed to me for consideration; I felt more information was needed and asked both parties for further details. Having received some responses I felt that still more was required. Once I received everything that I felt I'd likely receive I issued a provisional decision based on the evidence I had available.

Both parties have now responded to my provisional findings. LV accepted them. Mr B made further comments and provided further evidence which was shared with LV and in respect of which it issued a further response. I considered that and advised both parties of my further findings. Both have now responded and I'm issuing my final decision, which includes all my findings, as well as the responses from both parties and my comments in reply.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In my provisional decision I said:

"carpets

Mr B said the landing carpet needed cleaning as it was left in a poor state following the strip-out work to the bathroom. The hall carpet was said to be mouldy. LV did, during our investigating, agree to clean the carpets. I, however, noted that cleaning was unlikely to deal with the mould that LV accepted was affecting the hall carpet. LV said the mould was a pre-existing problem and not something it was responsible for.

I think it's very difficult for LV to deny liability for the hall carpet. It was told in February 2017 that the carpet was wet, yet it did nothing to lift or dry it until it started drying the property as a whole in May. Mr B was away for part of April, which likely explains why drying didn't begin in that month. But there was no good reason why the carpet couldn't have been dealt with immediately after notification of its damage in February 2017. Leaving a wet carpet in-situ is likely to cause mould growth and I've seen nothing that makes me think it was mouldy even before it became wet. I think LV needs to replace the carpet. And the hall stairs and landing run as a continuous area so LV will need to replace the whole carpet (which means the issue in respect of cleaning the landing carpet falls away).

It isn't clear to me if Mr B has already replaced this. If he has then LV will need to reimburse his outlay. If he hasn't then he'll need to get quotes for replacement and provide them to me in response to this provisional decision. I'll share them with LV and then decide what it needs to pay. If LV thinks its suppliers could provide the carpet then I'll consider that option and will ask Mr B for details about cost to fit the carpet. Given everything I've seen I don't think it would serve the interests of either party to require LV to carry out any further work itself at Mr B's home."

Mr B sent in a quote for replacement totalling £4,992.65. LV pointed out there was no detail to show what area this cost applied to or type/quality of the carpet. I told both parties that I understood LV's reservations and I wasn't satisfied that Mr B had shown this cost related to him replacing his hall/stairs/landing carpet on a like-for-like basis. I said though that the time for further assessment and debate had passed and I felt it was reasonable to set a pragmatic amount for LV to pay. I said I felt a payment of £2,000, seemed like a fair sum which balanced what Mr B had asked for against the fact that insufficient supporting evidence to show that sum was reasonably due had been provided.

LV accepted what I'd said, and didn't seek to challenge the cost I'd recommended it pay. Mr B felt the whole estimate should be paid and sent further evidence in respect of the replacement carpet.

I'm still not convinced that it would be fair to make LV pay more than the £2,000 I previously suggested for replacing Mr B's carpet. Not least because the retailer which has provided the estimate is a large national department store and I have no evidence to show that Mr B's original carpet came from it. Nor do I have any detail to show that the carpet being estimated for is the same or similar to the carpet Mr B had before. And the estimate doesn't set out any sizes or measurements. I'm satisfied that it's fair for me to require LV to pay Mr B £2,000 to replace the carpet.

My provisional findings continued:

"lounge ceiling damage

I think LV has to accept liability for this. The damage is just the other side of the wall from the damage in the kitchen which LV accepts was caused by a leak from under the bath. LV has

said the lounge ceiling damage has resulted from faulty sealant around the bath. But I fail to see how it can reasonably conclude water getting through faulty sealant around the bath has caused damage in the lounge whilst separately, although around the same time, water from a leak under the bath has caused damage in the kitchen (just the other side of the dividing wall).

I intend to require LV to make a payment to Mr B in this respect. If Mr B has had the work done already then he can provide an invoice to me in response to this provisional decision, which I'll share with LV. If he hasn't then I'll need to see an estimate for repair. In case Mr B hasn't or can't get those documents, I'd ask LV to give an indication of what it thinks this would likely cost. I'll then decide what it should pay."

Mr B provided estimates for reinstating the lounge, one for £1,810 for works and materials excluding wallpaper, and one for £958 for wallpaper. LV thought it should have the opportunity to assess the damage in the lounge before agreeing to repair costs. I said I felt it should pay the £1,810 as it had the chance previously to assess the damage but hadn't taken it. But I also told both parties that I didn't think Mr B had sufficiently shown that the replacement wallpaper he was asking LV to pay for was like that he had before. I said to balance the fact that Mr B hadn't satisfied me of this against the fact that LV hadn't assessed the damage when it had chance, I'd set what I felt to be a fair sum for LV to pay in this respect. I said I felt £584 was fair, being half the cost of the £68.00 per roll paper, plus the full cost of the other rolls priced at £35.00 each.

LV accepted my findings in this respect. Mr B said all his home was finished with quality items and he could send samples of wallpaper if I wished to compare the quality. I appreciate how strongly Mr B feels about this but I'm not minded to consider this further or amend my findings. I might be able to gain some idea from comparing wallpaper samples whether they are of a like or not. But, even then, that wouldn't justify the expensive paper Mr B is requesting – because I don't know that is the paper he had before and I think it's likely that there are similar ones, even in terms of quality, on the market that are priced more competitively. Price doesn't necessarily determine quality and departments stores are more likely to be more expensive, even for the same goods, than other retail outlets. So I'm satisfied that requiring L&G to pay £1,810 and £584 for the reinstatement of Mr B's lounge is fair and reasonable.

My provisional findings continued:

"bathroom settlement

Mr B said it would cost him £2,564 to reinstate his bathroom (just regarding insured damage). LV has said it's offered £826.53 for the bathroom reinstatement.

Having considered LV's own estimate for work, and before adding VAT, I see the cost was said to be £871.65. So its settlement offer (which was some £45 less) as a whole doesn't make sense. I'm minded to make it pay the additional £45.12.

There are then differences in the costs between what Mr B says the work will cost him and what LV has allocated. It isn't unusual though for an insurer to be able to carry out work for less than it will cost a policyholder. And as Mr B wanted to do other work in the bathroom, LV settling in cash based on its cost, even after stripping and drying, isn't unreasonable.

There are two big costs on Mr B's estimate, these seem to be the main cause of the difference in cost. There is £600 for floor tiling and £1,500 for re-fixing the bathroom suite and radiator.

Taking the latter first; £1,500 for re-fitting plumbed items to their original piping seems somewhat excessive to me. LV's estimate seems to have allowed around £325 for this (before VAT) which doesn't seem unfair – and whilst it will be less than what Mr B can have that work done for, it does seem to take all fitting issues into account and, as I explained above, LV can pay for the labour at the rate that it would have been charged.

Moving on to the tiling. Mr B has asked for £600 for 6 square metres of tiling at £40 per square metre. I haven't seen proof of the cost for these, or proof of the cost of fitting the tiling. As £600 is more than the tile cost (of 6 square metres at £40, which is £240), it seems likely to me that the remainder is the fitting cost that Mr B is asking for. So this makes £240 for tiles and £360 for fitting. In contrast LV says there's 4.88 square metres of tiling required, and using a 'standard grade' tile, the cost including fitting (before VAT) is £277.57. LV hasn't been able to provide any evidence that this sum reflects a like-for-like replacement tile.

So LV hasn't convinced me that its settlement for tiling is fair – because it should be able to show that it was pricing its replacement on a like-for-like basis. But Mr B hasn't shown me what his cost will actually be, or what tiles he had in place previously against the tiles he intends using or has used now. As LV hasn't shown its settlement was fair, I think it should pay more but I can't reasonably make it pay what Mr B is asking for as he also hasn't shown evidence to support that price. The fair answer, I think, is to say LV should increase the bathroom settlement by £161, which is roughly half of the difference between what LV said it would pay (£277.57) and what Mr B asked for (£600). If the bathroom settlement has been paid then LV will only now have to pay the additional £161 being the additional cost for tiling.

LV's estimate also allowed for re-fitting a cabinet. Mr B though has said when it came to his contractor re-fitting this item it wasn't possible to do so and it needed replacing. Mr B initially put this at a cost of £100, later he told us it was worth £200 and more recently that this was a large double unit that will cost £600 to replace. I'm not persuaded that it would be fair to make LV pay anything for this item. It isn't clear that it was damaged either by the leak or by being dismantled. Nor that it was necessary to dismantle and store it just for the insured reinstatement works to be undertaken. And the uncertainty as to its size and cost also make it difficult for me to justify any payment."

LV accepted what I said. Mr B still felt LV should pay more, he sent an estimate for £2,460. Regarding the cabinet Mr B sent a shop label showing a single cabinet priced at £140.00 and said as his was a double cabinet replacement would cost £280.00. He later sent a picture of another cabinet priced at £340.00, which he said he'd have to buy two of, so LV should pay £680.00.

Mr B's further evidence doesn't assist as the figures don't tally with what I've seen before and what Mr B asked for settlement against. The estimate for the bathroom itself doesn't tally with the detail Mr B sent before (when he said the cost for the bathroom work was £2,564 and included a breakdown for that work, a breakdown which doesn't feature on the estimate currently provided). And the price Mr B has asked for for the bathroom cabinet has changed throughout the claim and complaint too. In respect of the bathroom and cabinet, with the exception of the payments I recommended previously, I'm not satisfied that LV's settlement was unfair or unreasonable. So I'm just going to make it pay the additional £45.12 difference between LV's estimate and settlement and £161.00 for the tiling.

My provisional findings continued:

power supply to cooker hood

“Mr B said that when LV removed the wall units to strip the kitchen, it disconnected a junction box that was in the units and which powered the cooker hood. Mr B had this reconnected at a cost of £160 and asked LV to reimburse his cost. LV refused stating Mr B had chosen to remove the cooker hood to redecorate. Following my involvement LV has finally understood the situation and has accepted that it did remove the wall units, meaning it likely disconnected the junction box too.

As the box was disconnected it likely needed reconnecting. However, Mr B has been unable to provide the bill showing what he was charged and paid for this. To me, £160 for a relatively simple reconnection job, that wouldn't take an electrician that long to do, seems a bit high. I can't reasonably require LV to pay all of this sum without proof from Mr B that this is what he paid for that work. I think the work could be done for £100 so that is what I'm going to require LV to pay. And as this is effectively a compensatory amount (because there is no proof), I'm not going to require LV to add interest to the sum.”

LV accepted what I said. Mr B said he had paid £160 for this work which had been very time consuming for the contractor. Whilst I appreciate what Mr B says, I can't fairly make LV pay a sum which I accept seems unreasonable when there is no proof that this sum was actually incurred by Mr B. I stand by my provisional finding that LV should pay £100.

My provisional findings continued:

cable by fridge

“Mr B says that LV left this cable hanging. He hasn't, through no fault of his own, been able to be very clear about what the cable is for. LV though says it isn't responsible for this – that it didn't work in that area of the kitchen and that Mr B's son removed the cable.

I've seen the strip out plans and considered the detail Mr B has provided about the cable (and which has been shared with LV). The cable seems to have powered sockets next to the fridge and kitchen larder units. It was concealed in the ceiling before strip out. It is now not connected. It isn't clear if the sockets have power and/or if they are now powered by an unconcealed (and separate) cable. But it is clear to me that this issue does relate to the area where LV's contractors were doing work. So whilst it isn't clear at this stage what needs doing to sort this problem out, LV is, in my view, liable for it.

In response to this provisional decision I'd like to hear more from both parties on this issue. Particularly from Mr B as to whether the sockets have power, if he has an estimate for repair, and any further detail available, along with any photos that show more clearly what it is that needs resolving. I'll then be in a position to set out what I require LV to do in this respect.”

Mr B provided an estimate for repair of £480. LV said it was unsure whether this truly reflected what was needed to fix the problem (which in itself was still unclear). It said it should have chance to investigate further. I said the time for investigating had passed and I was minded to accept the estimate at face value as likely reasonably showing what's needed to fix the problem Mr B had reported. I said it should pay this sum. LV agreed.

My provisional findings continued:

“disturbance allowance

Mr B says he couldn't cook for his family as most of the kitchen was unusable, not least because of dust being everywhere. Plus, as all the cupboards were removed, all the kitchen items were boxed. LV thinks Mr B could use the kitchen but agreed to pay him a disturbance allowance for a period of six weeks at a rate of £10 per adult and £7.50 per child per day – £2,730. Mr B thought it should be for longer and at a higher rate (£22.50 per adult and £8.75 per child, based on meal costs).

I think what LV has paid in this respect is fair. The kitchen was clearly disrupted but that was a necessary result of the leak – and some disturbance necessarily flows from that. It was stripped at the end of April but I think it could still be used to some extent, although not likely to cook main meals. But it's important to remember that an allowance like this is only designed to compensate additional costs, over and above what a family would usually incur. And whilst it isn't clear exactly when the kitchen was fully reinstated, I think it's likely that the first job to be done after the kitchen was found to be dry would have been reinstating the ceiling. That would have resolved a lot of the dust issues and I think that likely occurred in mid-May. I say that because the property was dry by 10 May and Mr B confirmed in a call with LV on 24 May that he was happy with the progress of the reinstatement work. Overall I'm not minded to make LV pay anything more in this respect.”

Mr B said LV needed to show him what dates it had removed and refitted the kitchen, otherwise it had to accept his dates. He also provided take-away menus to evidence the price of the food he had bought.

At this stage I've assessed the evidence from both parties and I've decided, and explained provisionally, what I think the relevant and likely time periods are. LV doesn't have to evidence anything further to me or Mr B. I'm satisfied by what I've said and nothing Mr B has said gives me cause to review that. I didn't dispute originally what Mr B had said he'd paid for take-aways. Rather I pointed out that the allowance LV paid was only meant to cover costs incurred in addition to those normally faced. Seeing the menus doesn't change that. I'm not going to require LV to pay anything more in this respect.

electricity used for drying

“Mr B says LV's payment in this respect was insufficient. I asked LV how it was calculated. It confirmed it was based on readings taken from the equipment. That is standard practice. But what LV hasn't been able to do is tell me what those readings were or what unit rate the payment was calculated on. And I don't actually know what the payment was. But nor has Mr B been able to show me his electricity bills. He provided some details about his bill costs. But not the bills themselves. I need further information on this from both parties in response to this provisional decision.”

Neither party provided any further evidence in this respect. Therefore, I'm not going to make any finding about LV's payment for electricity costs.

My provisional findings continued:

“claim payments

Whilst LV offered a payment of £2,830 at one stage, which included £100 compensation, its file information shows this was paid by cheque which Mr B didn't cash. It was paid in respect of disturbance allowance. There are various other sums for items that LV seems to have agreed to pay at times but, and despite my asking, LV has been unable to provide much clarity about what payments have actually been made. For completeness I've confirmed here what I think LV has paid and what it's agreed to pay but hasn't. Anything I think it hasn't paid will feature in my final decision award unless I receive evidence in response to this provisional decision that makes me think such would create a duplication.

- *Granite table replacement – £70. Satisfied LV paid this in early December 2017.*
- *French polishing stair woodwork – £1,044. Payment agreed 10 September 2018 but I've not seen evidence that this has been paid. It will now attract interest from the date LV agreed to pay it until settlement is made.*
- *Insulation and ply-board – £120. Payment agreed 15 October 2018 I've not seen evidence that this has been paid. It will now attract interest from the date LV agreed to pay it until settlement is made.*
- *Kitchen floor – £475. LV says this was paid in September 2017, Mr B hasn't said to us at any stage that it's outstanding, so I'm currently prepared to accept that this was likely paid.*
- *Bathroom reinstatement – £826.53. Offered to Mr B but never paid. It will now attract interest from the date LV agreed to pay it until settlement is made.*
- *Disturbance allowance – £2,730. LV said on 22 August 2017 it realised Mr B wasn't happy with the payment but could reissue this cheque for him. It didn't tell Mr B he could accept the amount and still complain to this service. It'll now have to reissue this payment with interest from 22 August 2017 until settlement is made."*

Neither party objected to what I said. I've no cause to change my provisional findings.

My provisional findings continued:

"compensation

LV offered £100 compensation previously. I've found that its settlement offers have been too low and that it needs to do more in respect of some snagging issues. I think that once LV began stripping and drying the property, work progressed in a satisfactory manner, but as mentioned above I don't think the early months of the claim were handled well. And work should've begun sooner. Mr B was upgrading his bathroom so LV isn't responsible for any delays regarding that reinstatement. I think £500 compensation is fairly and reasonably due."

LV accepted my findings. Mr B said there should be more compensation as this has taken up a lot of his time. Whilst I appreciate how Mr B feels about this, nothing he's said in response gives me cause to think my initial suggestion for compensation was unfair or unreasonable. I'm not going to amend my provisional findings. I'm going to require LV to pay Mr B £500 compensation.

I concluded my provisional findings with comments about VAT, excess and interest:

"LV won't have to pay Mr B any sum for VAT unless or until work is done that attracts VAT. If Mr B is asked to pay VAT he can submit any final invoice to LV for it to pay the VAT due against the work and cost it was liable for.

LV's file confirms that an excess for both claims was paid to the drying company. Therefore, I'm not going to make any allowance in my award in respect of excess.

For any payment that I've found LV should pay interest on it will be at a rate of 8% simple, and from the date I've stated until settlement is made by LV."

Neither party objected to my comments in these respects. I've no cause to change them.

my final decision

I uphold this complaint. I require Liverpool Victoria Insurance Company Limited to pay Mr B:

- £2,000 to replace the hall/stairs and landing carpet.
- £2,394 to repair the lounge (£1,810 for works and some materials plus £584 for wallpaper).
- £45.12 being the additional amount reflected in the bathroom scope beyond the settlement figure previously offered, plus interest* from the date the overall bathroom settlement figure was offered until settlement is made.
- £161 for likely additional cost of tiling.
- £100 for the repair to the cooker-hood power supply.
- £480 to resolve the cable issue.
- £1,044 for French polishing, plus interest* from 10 September 2018 until settlement is made.
- £120 for insulation and ply-board, plus interest* from 15 October 2018 until settlement is made.
- £826.53 in settlement for the bathroom, plus interest* from the date this sum was offered until settlement is made.
- £2,730 for disturbance allowance, plus interest* from 22 August 2017 until settlement is made.
- £500 compensation.
- Any VAT cost Mr B incurs on insured work and evidences to it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 24 June 2019.

Fiona Robinson
ombudsman

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. If Liverpool Victoria Insurance Company Limited considers that it's required by HM Revenue & Customs to take off income tax from any interest due to Mr B, it should tell him how much it's taken off. It should also give Mr B a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.