

complaint

Miss P has complained about Liverpool Victoria Insurance Company Limited's (LV) handling of a claim she made on her commercial property owners insurance policy following a fire at one of her properties.

background

I issued a provisional decision in May 2020 explaining that I was intending to partially uphold Miss P's complaint.

Here's what I said in my provisional decision:

"background

There have been several businesses involved in this complaint who acted on behalf of either LV or Miss P. For ease of reference, I'll refer only to LV and Miss P by name in this decision, even when referring to the actions of their agents or representatives.

There is extensive background to this complaint which I won't repeat in full detail here. But I have considered the full timeline of events when coming to my decision.

In September 2017 there was a fire in the ground floor hallway of Miss P's house of multiple occupancy (HMO). The fire caused significant damage to the joinery and electrics in the hallway as well as smoke damage throughout the property.

Miss P made claim on her commercial property owners insurance policy which was accepted by LV. She requested assistance, from one of LV's suppliers, with cleaning the property – but she wanted to appoint her own contractor to carry out repairs. Miss P initially didn't want to claim for loss of rent as she felt her contractor would be able to work around her tenants.

LV's contractor carried out cleaning in November 2017. Around the same time, Miss P's own electrician quoted for repairs and improvements to the electrical installation and her contractor for the joinery. Cash settlements were agreed between Miss P and LV for the work required due to the fire.

Miss P had difficulty arranging for a decorator to carry out the required redecoration works, so in March 2018 it was agreed that LV would appoint a decorator to carry out these works. The works were completed in November 2018, save for some snagging issues.

In November 2018 Miss P informed LV that she wished to claim for loss of rent – due to the length of time the claim had taken to resolve and the impact it had on her income. In December 2018 she reported that LV's decorator had caused a flood in her basement by switching off her boiler and/or main trip switch. And in February 2019, after attending the property, Miss P raised concerns about the quality of the works that had been carried out.

Miss P made a complaint to LV about several issues:

- *Poor quality of the initial cleaning works – due to areas of soot and debris still being visible.*
- *The wrong paint being used on wooden surfaces (skirting, architraves, doors etc).*
- *Paint splashes on fire extinguishers, showing a lack of care taken by the decorator.*
- *Blocked sinks in the basement, due to the decorator using the sink to clean paint brushes.*
- *The decorator switching off the boiler or trip switch, causing a flood in her basement and damage to her floor.*
- *Delays in progression of the claim.*
- *Due to these issues Miss P said she needed to spend several thousand pounds using various methods of credit and that she was now in financial difficulties.*
- *She provided a quote from her own decorator for putting right the issues she perceived to be outstanding, totalling £13,940.*

LV accepted some of the issues but disputed others. To summarise, it said:

- *Any grime or dirt was not soot from the fire, but general dirt built up over time.*
- *It agreed that the wrong paint had been used on some areas of woodwork. It said the woodwork in bedrooms wasn't part of the initial scope, so wouldn't be rectified. But, for the woodwork in the hallway and the paint splashes on the extinguishers, it wanted its decorator to have the opportunity to put things right. Its decorator quoted the work at £4,396.*
- *Its decorator maintained that it didn't switch off any heating system as it wasn't necessary to complete the works.*
- *LV had spoken with Miss P's plumber who had said he couldn't confirm that any blocked sinks were due to paint. He also confirmed that the basement had flooded in the past due to Miss P's tenants switching off a pump switch located in the kitchen. He said the basement flood would not be anything to do with the blocked sink or the boiler or heating system.*
- *Photos of the basement floor taken before the 'flood' showed it was in the same condition – so no damage had occurred.*
- *The evidence Miss P had provided about her financial circumstances didn't show that any difficulties had been caused by LV or its suppliers.*
- *It recognised there had been a delay of around 12 weeks which it was responsible for, and paid Miss P £300 to compensate for this.*

In terms of Miss P's claim for loss of rent, LV paid £6,320 based on the number of occupied rooms and its 12-month limit of indemnity under the policy. It said it would consider any further information Miss P provided about loss of rent.

Miss P brought her complaint to our service. It was initially looked at by an investigator who has since left our service. So, a second investigator took over and issued her own findings. She thought:

- *The decoration of the walls in the property was adequate and didn't need to be completed again.*
- *The wooden surfaces don't require chemically stripping as quoted by Miss P's contractor – sanding and repainting would be enough. But all wood referred to*

in Miss P's quote should be sanded/washed down and repainted with the correct paint. If, due to the time that has elapsed, there is a loss of match when repainting takes place, this should be put right at no cost to Miss P. She said LV should pay Miss P the amount it would cost her decorator to complete these works.

- *There isn't enough evidence for her to find that the property wasn't sufficiently cleaned before the initial works or to find that the dirt on the exterior of the property was caused by smoke, rather than its proximity to a main road.*
- *The overall service Miss P received was poor, as works were completed incorrectly, and she was forced to fight the claim further. She thought LV should pay £300 compensation for this.*
- *In addition to the 12-week delay identified by LV, she thought there was another delay of similar length between November 2018 and February 2019. So, she thought LV should pay a further £300 compensation for this delay.*
- *It was fair for LV to exclude flats 1 and 8 from the loss of rent claim as they were unoccupied, but flats 2 and 9 should be added to the claim.*
- *Loss of rent should be paid beyond the 12-month limit of liability, due to issues caused by LV. This should be paid until November 2018, when the cleaning took place as Miss P couldn't let the rooms before that under HMO rules.*
- *Further loss of rent should be paid to cover the period where further works were required, if tenants are required to vacate.*
- *LV should reimburse costs Miss P incurred from her accountant in submitting her claim for loss of rent.*
- *LV should pay Miss P £100 compensation for the lost master key.*

In response to our investigator's findings, LV paid Miss P £4,396 – the amount its loss adjuster had calculated it would cost to put right the poor workmanship and missed areas of decoration. It also agreed to pay the £100 compensation for the lost key. It said it didn't wholly agree that it should be liable for Miss P's accountants' costs. But in an effort to resolve the claim it said it would pay a further, gratuitous, payment of £5,000.

Miss P didn't accept the offer because she felt it didn't sufficiently cover her losses – particularly for her loss of rent claim.

Because no agreement has been reached, the complaint has been passed to me to decide.

my provisional findings

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

The fact that Miss P has suffered an insured event, covered by her policy, isn't in dispute. It also isn't in dispute that LV's decorator hasn't completed all the work to an acceptable standard. What remains for me to decide is whether LV's proposed offer to settle the claim is fair, and in line with the terms and conditions of Miss P's policy.

Miss P has complained about several aspects of LV's handling of the claim and its proposed settlement. For ease of reference, I'll address them separately.

concerns with the initial cleaning of the property

Miss P says LV's contractors didn't adequately clean the property before the repairs in late 2017. Because of this she would like the property to be thoroughly cleaned and for the redecoration to be completed again.

LV says the communal areas of the property were cleaned by its decorator in November 2017. It has provided copies of invoices to show that it paid the decorator for these works. The bedrooms were also supposed to be cleaned at this stage – which they weren't. But LV says they were cleaned prior to the decoration works later in 2018. LV has argued that the areas of grime and dirt Miss P has highlighted are not as a result of smoke from the fire – but are general dirt and grime which have built up over time.

I've thought carefully about the evidence and arguments put forward by both sides. Looking at the available photos, I don't think it's likely that the areas highlighted are due to smoke from the original fire. They appear more like general dust and grime built up over time – except for some discolouration to the paint behind the radiators, which I'll cover later. So, taking everything I've seen into account, I think it's more likely than not that adequate cleaning was completed before redecoration took place.

Likewise, I don't think the darkened bricks on the exterior of the property were most likely caused by the fire. I say this because the property is on a main road, so I think it's more likely this is something that occurred over time as a result of vehicle emissions.

That being said, our investigator felt it was likely there was some smoke damage to some bathrooms which hadn't been cleaned or redecorated. She said these were initially included in the scope. So, although all the visible dirt and grime in these bathrooms wasn't as a result of the fire, she felt LV should cover the cost of cleaning, sealing and repainting those rooms.

LV hasn't provided any specific comments on our investigator's finding here. Like our investigator, I don't think the fact the bathrooms were also showing signs of age-related dirt means LV shouldn't cover cleaning or redecoration for areas affected by smoke. Considering the adjoining bedrooms were damaged by smoke and required redecoration, it seems likely the bathrooms would have been too. So, I think LV should cover the cost of cleaning, sealing and repainting the bathrooms.

decoration works still required in the property

Miss P and LV disagree on the amount of work still required to put things right at the property. Miss P has provided a quote from her own decorator which amounts to around £13,000. This quote includes the chemical stripping of all woodwork, repainting of several walls and cleaning to the outside of the property.

LV says most of the work quoted for by Miss P's contractor is unnecessary. It's highlighted that painting of the woodwork in the bedrooms wasn't included in the initial scope of works and was only carried out in some rooms as a gesture of goodwill. It also says one of the staircases – which was initially included – doesn't require painting as it has now been sufficiently cleaned and the previous finish had essentially worn away pre-loss.

Firstly, as I stated in the above section, I don't believe the blackening to the exterior of the property was caused by the fire. So, I don't think LV is responsible for putting this right.

Secondly, having reviewed the available photos, I don't agree that the walls require stripping down and repainting, as quoted for by Miss P's decorator. It appears to me that the finish of the walls is to a good standard, and I've already said I think it's likely these were properly cleaned down before the redecoration took place.

Finally, while it isn't in dispute that areas of woodwork have been painted using the wrong paint, I don't think that means they require chemically stripping before being repainted. These areas were painted, incorrectly, using a water-based emulsion. So, it seems to me that cleaning down and sanding, as suggested by LV's decorator, will be sufficient to prepare the woodwork before it is repainted with the correct type of paint. I think this should also include painting/staining the staircase(s) balustrade(s) which were initially included in the scope.

LV's decorator suggested it would cost £4,396 to put right the snagging issues. Based on this LV has paid that amount to Miss P. This cash payment includes an allowance for removing and refitting the radiators.

Our investigator thought that LV also needed to cover the cost of repainting the radiators, and the walls behind them – because she felt this should have been done with the initial redecoration. I've thought carefully about this issue. The purpose of insurance is to, as far as possible, put the policyholder back in the same position they were in before the insured event. In Miss P's case, her walls were painted consistently – including behind her radiators – before the fire. So, I agree that LV should cover the cost of repainting the areas behind the radiators.

Miss P highlighted that that it had been over a year since the decoration took place, so said it was likely the areas behind the radiators wouldn't match the rest of the walls. Our investigator thought this would be unfair so recommended that, should this happen, LV should put it right at no cost to Miss P.

Again, I've thought carefully about this issue. I appreciate that before the fire, the paint on Miss P's walls would have matched the areas behind the radiators. But I think it's also important to note that any potential loss of match is likely to be very minor, and the radiators will be replaced on top of these areas – making it even less likely to be noticeable.

That said, if after these areas are cleaned and repainted, there is a clearly noticeable difference between the area and the remainder of the walls, I agree that LV should cover the cost to put this right. This is so that Miss P is put back in the position she was in before the fire took place.

Miss P's quote also included repainting of the front door. Considering the proximity of the front door to the fire, I think LV should add this to its cash settlement.

During the site visit in February 2018, LV also identified an area in the basement, below an open grate, which needed to be cleaned and repainted. So, any cash settlement should include this work.

LV has also acknowledged paint splashes on fire extinguishers which it accepts are likely to have been caused by its decorator. So, the cash settlement for the remaining works should also include an amount for having these cleaned.

In summary, I think LV needs to add an amount to cover cleaning and repainting of the areas behind the radiators in any rooms where this didn't take place. If this results in a clearly noticeable loss of match, LV should cover the cost of putting this right.

LV also needs to include an amount for the cleaning, sanding and repainting of the woodwork which was incorrectly painted with emulsion, including the staircase balustrade(s). It also needs to include an amount for repainting of the front door, cleaning and repainting the area of the basement below the grate and cleaning the fire extinguishers.

how the remaining issues should be settled

Many of the issues relate to works that are still required at the property. LV wanted its decorator to have the opportunity to reattend and put things right, but due to the issues experienced, Miss P wouldn't agree to the decorator carrying out further work at her property. So, LV has said it will pay a cash settlement for the works outstanding. But the amount it will pay will be the amount it would cost LV to have the work completed by its decorator.

Under the terms of Miss P's policy, LV retains the right to decide how it settles a claim – for example by repair, replacement, reinstatement or cash settlement. Where an insurer insists on paying a cash settlement, our service typically thinks it's fair that the amount of the settlement should be the amount it would cost the policyholder to get the works done, rather than the discounted rates an insurer can get. However, in situations like this, where there are issues with works carried out by an insurer's agent, our service usually thinks it's fair that the insurer's agent should have an opportunity to put things right.

I've thought carefully about our approach in similar cases, and about the particular circumstances in this case. I think it's reasonable of Miss P to have expected that the works would be completed to a professional standard from the outset. This didn't happen, so her confidence in LV's decorator is understandably low. But at that stage I would have said it was fair for LV's decorator to have the opportunity to put things right.

In February 2019, a site visit took place where LV and the decorator had the opportunity to acknowledge the areas of poor workmanship and make arrangements to put things right. But at this point they didn't acknowledge all of the areas which I believe require further work. This has meant Miss P has had to continue to fight the claim for a number of months, which I don't think this is reasonable. So, I think it's understandable that Miss P has now lost faith in LV's decorator.

In the particular circumstances of this claim, I think it's fair and reasonable that any cash settlement for the works outstanding should be based on the amount it will cost Miss P to have the works completed, rather than the amount it would cost LV.

I also think that LV should pay Miss P £300 compensation to reflect the poor service she received from its decorator – both in the substandard works it completed initially and its failure to recognise and accept all the remedial works required for many months – which has caused additional, unnecessary distress to Miss P.

alleged issues caused by LV's decorator

Miss P has also complained about two issues caused by LV's decorator. She says the decorator frequently switched the boiler off and that they cleaned their paint brushes in one of the sinks causing a blockage. Miss P has suggested that one, or both, of these issues caused a flood in the basement kitchen which damaged her floor.

LV doesn't accept that its decorator is responsible for either issue. It says the decorator had no reason to switch off the boiler to complete the redecoration – particularly as it didn't remove the radiators. It spoke with Miss P's plumber to gather more information about the blocked sink and the flooding of the basement. It says the plumber couldn't confirm that the sink was blocked by paint, as opposed to another cause. And it says the plumber confirmed the basement had flooded in the past due to Miss P's tenants switching of a pump switch located in the kitchen.

LV says Miss P's plumber confirmed the basement flood would not be anything to do with either the blocked sink or the boiler/heating system. LV has also pointed to photos which it says show that the floor was in the same condition before any works took place – so it doesn't agree any damage has taken place due to this most recent flood.

I've thought carefully about these issues. Based on everything I've seen, I don't think I can reasonably conclude that LV's decorator caused either the blocked sink or the flood to the basement. So, I don't think it needs to do anything in respect of these issues.

Miss P has also complained that LV's decorator kept and lost a master key to the property. Our investigator recommended that LV should pay £100 compensation for this, and LV agreed. I think this is reasonable.

delays

It isn't in dispute that this claim has taken longer to complete than it ought to have done. LV has accepted that it caused around 12 weeks' worth of delays during the claim and has paid £300 compensation to reflect this.

Our investigator noted a further 12-week period of delay which she thought was caused by LV, between November 2018 and February 2019. This was between Miss P asking for another site visit and it actually taking place. So, based on the amount paid by LV to reflect one 12-week delay, she thought it ought to pay a further £300 for this delay.

From what I've seen, LV and its agents were in regular communication during this period of time, so it seems the claim was still progressing. But I agree that 12 weeks is an unreasonably long time for a consumer to wait for a site visit to be arranged, and I note that communication with Miss P about her request for a site visit during this time was poor. So, I agree that a further £300 compensation would be fair and reasonable.

There have been other periods of delay during the claim. But from what I've seen, these delays were not caused by LV. So, I don't think further compensation is warranted for these periods.

loss of rent

Miss P initially declined to make a claim for loss of rent because she felt her contractors could work around her tenants. But due to the length of time the claim took she decided to make a claim.

LV has accepted the claim, for certain rooms, for 12 months from the date of loss – the limit set out in Miss P's policy. It has paid Miss P £6,320, which it says covers rooms 4 and 7 up to the 12-month limit. Miss P feels loss of rent should be repaid for many more rooms than LV has covered. She also feels loss of rent should be paid beyond the 12 months. This is because she says the property is still not habitable due to the issues caused by LV's decorator. She's referred to the rules covering HMO lettings to support this.

There are nine rooms in Miss P's HMO. Of these, two were unoccupied in the five months leading up to the fire (rooms 1 and 8), and three were occupied both before the fire and throughout the life of the claim (rooms 3, 5 and 6). I think it's fair that LV doesn't need to pay loss of rent for these rooms.

This leaves four rooms for me to consider; rooms 2, 4, 7 and 9. LV has accepted that loss of rent is due for rooms 4 and 7, leaving rooms 2 and 9 to be decided. I'll first consider whether LV ought to pay loss of rent for rooms 2 and 9, up to the 12-month limit, before deciding whether the particular circumstances of the case mean it would be fair for loss of rent to be paid beyond the 12 months.

From what I've seen, room 2 was let continuously from July 2016 to August 2017 at which point it became vacant. The last time it became vacant was in March 2016, where it took Miss P three months to arrange a new tenant. So, based on that, I think it's likely Miss P could have found a new tenant by November 2017, but for the fire. So, I think LV should cover loss of rent on room 2 from November 2017.

Room 9 appears to have been let continuously from June 2015 until the fire happened, at which point it became unoccupied. And it has remained so since. Based on this I think loss of rent should be paid for room 9 from the date the tenant vacated.

LV has argued that some of Miss P's tenants appear to have occasionally missed some rent payments. It says it will need to consider the average or mean non-payment of rent when calculating any loss of rent due. I think this is reasonable.

Our investigator felt that LV should pay loss of rent beyond the 12-month limit of the policy. She said Miss P couldn't have placed new tenants in the rooms until they had all been cleaned in November 2018. Once this had been completed, she thought Miss P would have been able to let the rooms, taking into account the HMO rules. So, she thought loss of rent should be paid on six rooms from the date of loss (or date of vacation if after) until the date the works were completed in November 2018.

From what I've seen, the bedrooms were supposed to be cleaned by LV's agent, at the same time as the communal areas – in November 2017. Through no fault of Miss P's, this didn't happen, which meant the bedrooms weren't cleaned until the works took place around a year later. The HMO rules I've seen also suggest that Miss P would be required to make sure that any unit of living accommodation (room) are in a clean condition at the beginning of a new letting. Based on all of this, I agree that the rooms were uninhabitable/unlettable, partly due to LV's error, for over 12 months.

I've considered LV's argument that three of the rooms were occupied throughout the duration. But while I accept this was the case, the HMO rules refer to the requirement for a room to be clean at the beginning of a new letting – rather than mid-term. And in any case, I don't think the fact that existing tenants decided not to move out means that their rooms weren't, technically, uninhabitable.

So, I agree that loss of rent should be paid on rooms 2, 4, 7 and 9, up until November 2018. But I don't think it needs to continue paying loss of rent beyond then, as any remaining issues wouldn't have affected Miss P's ability to let the property from then onward.

Miss P's policy also includes cover for costs incurred by Miss P in utilising her accountants to make her loss of rent claim. Miss P has demonstrated that she has incurred those costs. And my finding that loss of rent should also cover rooms 2 and 9 is also based, in part, on the information from Miss P's accountant. So, I think LV should cover these costs, in line with the terms of the policy.

Miss P has complained that LV's failure to pay her loss of rent claim sooner has caused her to fall into financial difficulties. She's sent in copies of her bank statements to demonstrate her reliance on credit.

Looking at the information Miss P has provided, it's clear she's in a difficult financial situation, and I sympathise. But I haven't seen anything to suggest that the issues she's experienced have been caused by the actions of LV. I appreciate that if the loss of rent claim been paid sooner, Miss P would have had additional funds. But I think it was reasonable for LV to ask for evidence to support the loss of rent claim, before agreeing to pay anything. And although I'm recommending an increase to the amount to be paid, I've based this on information Miss P has only provided recently. So, I don't think LV has acted unfairly by not paying further additional loss of rent payments before now."

I said I was intending to direct LV to pay Miss P an amount to cover her redecoration costs for:

- Cleaning, repainting and sealing the bathrooms.
- Cleaning and repainting the areas behind the radiators.

- Sanding, cleaning and repainting the areas of woodwork painted in the wrong paint – and painting the balustrade(s).
- Cleaning and repainting the area in the basement.
- Repainting the front door.
- Cleaning the fire extinguishers.

I said the payment covering the above should be calculated based on the amount it would cost Miss P to have the works done, not the amount it would cost LV.

I also said that LV should:

- Pay Miss P £600 for the distress and inconvenience in addition to the £300 already paid.
- Pay Miss P £100 for the lost key.
- Pay loss of rent on rooms 4, 7 and 9 from the date they were vacated to November 2018.
- Pay loss of rent on room 2 from November 2017 to November 2018.
- Reimburse any accountant's costs Miss P can demonstrate she has incurred in preparing her claim for loss of rent, plus 8% simple interest to compensate her for being deprived of this money.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

LV accepted my provisional decision and said it didn't have any further comments or evidence for me to consider.

Miss P didn't agree. She didn't feel my findings about her claim for loss of rent were fair. To summarise, she said:

- While the property may have been habitable after November 2018 it certainly wasn't lettable. She feels it's unrealistic to expect a tenant to move into a room that still required decoration works as they would need to store their furniture in the centre of the room which isn't practical. She also highlighted that the works would likely cause a lot of dust.
- She feels further loss of rent should be awarded to cover the time it will take for the remaining works to be completed.
- She feels rooms 1 and 8 should also be covered as the nature of business for HMOs is that rooms frequently become vacant but can be quickly refilled. The reason they remained uninhabited for so long is because of the fire and LV's subsequent poor redecorations.

my findings

I've re-considered all the evidence and arguments already sent to us to decide what's fair and reasonable in the circumstances of this complaint, as well as the new comments and evidence sent in response to my provisional decision.

Miss P argues that the bedrooms remained in an unlettable state beyond November 2018 – because they required further redecoration. She's provided photos of furnished rooms in one

of her properties to illustrate how difficult it would be for works to be carried out around a tenant.

As I explained in my provisional decision, I accept that until the rooms were properly cleaned in November 2018, they weren't in habitable or lettable condition. But I don't agree that areas of woodwork being painted in the wrong finish would render a room unlettable – taking into account the HMO rules. I also haven't seen anything to suggest that Miss P attempted to re-let these rooms at any point during the claim – or that she was unable to do so because of the condition of the rooms. So, based on everything I've seen, I think LV only needs to cover loss of rent up to November 2018.

In terms of Miss P's arguments about the disruption the remaining remedial works will cause to her tenants (or would have caused to prospective new tenants), it's worth noting that when she first made the claim, she was happy for her decorator to work around her tenants without making a loss of rent claim. So, Miss P clearly felt that works could be completed without anyone needing to move out. And at that stage, the works required were much more significant than they are now.

It also seems unlikely to me that sanding and repainting the woodwork in a bedroom would take longer than a few days, per room, at the most. So, aside from some minor disruption, I can't see why the remaining works – in the bedrooms – would require tenants to move out. That being said, if Miss P can evidence that she suffers a further loss of rent for any of the bedrooms, due solely to the required works taking place, LV should cover this loss of rent under the policy.

Miss P has also argued that any payment for loss of rent should also cover rooms 1 and 8. Although neither room had a tenant in at the time of the fire, Miss P says if it weren't for the fire, she could have found new tenants.

The loss of rent cover in Miss P's policy states:

"In the event of Damage to the Property used by the Insured for the purposes of the Business carried on by the Insured at the Premises during the Period of Insurance from the Insured Perils under Section 1 resulting in loss of Rent Receivable the Insurer will indemnify the Insured in respect of the amount of the loss of Rent Receivable provided that

- a) such Damage is covered under Section 1 of this Policy and that liability shall be admitted or payment made therefore or*
- b) payment would have been made or liability admitted but for the operation of a proviso in the insurance excluding liability for losses below a specified amount*

The liability of the Insurer under this Section shall not exceed in respect of any item its Sum Insured or Limit stated in this Policy or the Schedule at the time of the event"

The policy defines Rent Receivable as:

"The money paid or payable to the Insured by Tenants for accommodation and services provided in the course of the Business at the Premises"

And it defines tenants as:

“The tenant or lessee(s) of any Building”

So, by strict interpretation of the policy, there can only be a successful claim for loss of rent when there has been a loss of “Rent Receivable”, which in turn requires there to have been a “tenant”. However, I am also able to depart from the terms and conditions of the policy if I believe it is fair and reasonable to do so – which I did in my provisional decision with regard to room 2.

As with rooms 1 and 8, room 2 didn’t have a tenant in it at the time of the fire. But it had been rented out up until very soon before it, and the last time room 2 became vacant, Miss P had managed to find a new tenant within a relatively short space of time. So, although there wasn’t a tenant in room 2 at the time of the fire, given the recent rental history I thought, on balance, it was likely that Miss P would have secured a new tenant for this room reasonably quickly, were it not for the fire. Given this, I thought it would be fair and reasonable for LV to pay loss of rent on room 2 from November 2017 to November 2018 and LV accepted this.

The situation with rooms 1 and 8 is different. Neither room had been rented out for at least six months prior to the fire and I haven’t seen anything to suggest Miss P was actively seeking to change this. I also understand that room 1 was being used as a storage space. So, taking everything into account, I don’t think it would be in line with the policy terms, or fair and reasonable, to require LV to cover loss of rent for rooms 1 and 8.

my final decision

For the reasons I've explained above, and in my provisional decision, I uphold Miss P’s complaint in part.

Liverpool Victoria Insurance Company Limited should pay Miss P an amount to cover her redecoration costs for the below works. This amount should be calculated based on the amount it will cost Miss P to have the works completed:

- Cleaning, repainting and sealing the bathrooms.
- Cleaning and repainting the areas behind the radiators.
- Sanding, cleaning and repainting the areas of woodwork painted in the wrong paint – and painting the balustrade(s).
- Cleaning and repainting the area in the basement.
- Repainting the front door.
- Cleaning the fire extinguishers

Liverpool Victoria Insurance Company Limited should also:

- Pay Miss P £600 for the distress and inconvenience in addition to the £300 already paid.
- Pay Miss P £100 for the lost key.
- Pay loss of rent on rooms 4, 7 and 9 from the date they were vacated to November 2018.
- Pay loss of rent on room 2 from November 2017 to November 2018.
- If Miss P can evidence a further loss of rent, in any of the rooms, due to the required remedial works taking place, LV should also cover this.

- Reimburse any accountant's costs Miss P can demonstrate she has incurred in preparing her claim for loss of rent, plus 8% simple interest* to compensate her for being deprived of this money.

*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 Miss P, it should tell her how much it's taken off. It should also give Miss P a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 19 July 2020

Adam Golding
ombudsman