

The complaint

Mr and Mrs C complain about Liverpool Victoria Insurance Company Limited (LV) who declined their claim and cancelled their cover, under their home insurance policy.

What happened

In 2016/2017 Mr and Mrs C's neighbour carried out some renovation works at their property. This caused damage to Mr and Mrs C's home, in the form of cracks that appeared on some walls. Mr and Mrs C's neighbour accepted liability and agreed to deal with the damage. So, Mr and Mrs C didn't report the damage to LV at the time.

However, there was a delay in Mr and Mrs C's neighbour dealing with the damage. So, they contacted LV and made a claim. It sent a surveyor to assess the damage under the peril of subsidence. He carried out assessment and determined that there was no subsidence and under this peril, declined the claim, as he concluded that the damage was likely due to the renovation works of their neighbour. But LV then considered the claim under the peril of accidental damage. However, due to the passage of time and Mr and Mrs C's failure to report the damage sooner, LV declined the claim and cancelled the policy.

Mr and Mrs C complained to LV. In its final response, LV maintained its position and gave Mr and Mrs C their referral rights. They referred their complaint to our service. One of our investigators considered the complaint and didn't think it should be upheld.

She agreed that LV had been prejudiced by Mr and Mrs C delaying the report of the claim. Not only because it could affect its ability to validate the claim, but also due to statutory time limits, which meant that as the claim had been made outside of the limits, LV would unlikely be able to recover its costs from Mr and Mrs C's neighbour.

She also said that LV had discovered that during the renewals process, Mr and Mrs C had been specifically asked if their property was in good condition. To which they answered yes. LV said that had it known that Mr and Mrs C's home had the damage, it would've likely not offered cover. The policy was cancelled, and a refund was given. Our investigator concluded that LV hadn't been unreasonable to decline the claim nor to cancel the policy.

LV accepted the view, Mr and Mrs C did not. They questioned whether the time limit applied at all, not least as there appeared to be a jurisdiction issue. The damage took around three years to settle before the full extent and costs became known. Their neighbour had initially agreed to pay for the repairs and as a result, they had no intention to claim on the policy. And they only made a claim when their neighbour changed their mind. They stressed that they were not aware of any time limit nor was it disclosed in the policy terms and conditions. Had they been made aware of the time limits; they would've made a claim much earlier. So, they asked for a decision from an ombudsman.

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 won't uphold this complaint, for much the same reasons as our investigator, which I understand is likely to be a disappointment to Mr and Mrs C, but I hope my findings go some way in explaining why I've reached this decision.

I have reviewed all the comments made by both parties and the policy terms and conditions. I understand that Mr and Mrs C said that there was no timeframe stipulated in the policy terms and conditions and it was unfair for LV to rely on a statutory time limit, especially as they hadn't been made previously aware about it. So, I've had a look into this.

I accept (as does LV) that there wasn't a specific time limit mentioned within the policy terms and conditions. It's also fair to say that our service covers jurisdiction within England and Wales. So, although LV has indicated that it would be time barred by legislation (outside of England and Wales) from recovering costs from a third party, I haven't placed much weight on this, due to the jurisdiction element that I have mentioned.

However, I am persuaded by LV's comments regarding the policy terms and conditions and in particular page 11 - general condition 4. Under the Accident and claims which procedure states –

'You or any other person claiming under this insurance must:

- Give us full details of the incident as soon as possible.*
- Send to us immediately all communications for other people involved which must not have been replied to.*
- Immediately tell us of and send to us any notice of intended prosecution, inquest, fatal inquiry, or any writ, summons or process which must not have been replied to.*
- Provide us with information relevant to your claim that we may require to help us validate and process your claim such as purchase receipts, valuations, photographs, and reports.*
- Help us to pursue a recovery (where applicable) against a third party'*

I understand that Mr and Mrs C said that their neighbour had originally indicated that they would be responsible for the damage that was caused. And that the neighbour appears to have withdrawn their responsibility. But the damage occurred as long ago as five years before Mr and Mrs C reported it to LV. And having reviewed the policy terms and conditions, I don't think that Mr and Mrs C gave the full details of the claim *'as soon as possible'*.

Nor did they provide LV with details of any communications that must have taken place between them and their neighbour – immediately (as was required under the policy). Had they done this, then they would've been complying with the terms. And moreover, satisfying the condition that they help LV in the pursuit of the recovery of costs against their neighbour. None of this (as far as the evidence shows) was done by Mr and Mrs C.

I fully appreciate the personal vulnerabilities and issues that Mr and Mrs C experienced during this time, but I don't think LV were unfair to decline the claim on due to the delay in Mr and Mrs C reporting the damage, for the reasons that I've outlined.

I've next considered whether LV were fair to cancel Mr and Mrs C's policy, due to the delay in making the claim. And I think it was, so I will explain why.

Mr and Mrs C held home insurance with LV for a few years. I have been provided with some renewal documents. I'm satisfied that Mr and Mrs C had those renewal documents and it appears were happy to continue to renew with LV.

The damage to their home occurred in 2017, but it wasn't until 2022 that Mr and Mrs C made a claim for it. I note that within the renewal documents, Mr and Mrs C were asked questions relating to the condition of their home. I can't see that at any time during or after the renewals took place, that Mr and Mrs C told LV about the damage that had occurred.

LV said that had it been made aware of the damage it would've reconsidered the policy terms and possibly wouldn't have offered cover. It also confirmed that as a result, it cancelled the policy. Having reviewed the terms of the policy, I can see that LV have to provide policyholders with seven days' notice advising them of the cancellation. LV gave in excess of this, as it was investigating the claim. So, the policy was cancelled with more than enough notice. And on the basis of Mr and Mrs C's failure to disclose the damage for several years.

Accordingly, I think it was fair and reasonable for LV to have declined the claim and cancelled the policy, given Mr and Mrs C's breach of the policy terms. Although, I accept there was no specific time frame disclosed in the policy terms, I don't think Mr and Mrs C raised the claim as soon as possible. And didn't disclose to LV, any damage to their home for several years.

I acknowledge Mrs and Mr C's strength of feeling about this complaint and the reason why they referred it to our service. But, in the overall circumstances of this complaint, I haven't seen enough evidence to show that LV acted unfairly or unreasonably. I'm therefore not going to tell it to do anything further here.

My final decision

For the reasons given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 9 October 2023.

Ayisha Savage
Ombudsman