

The complaint

Mr and Mrs S complain about the amount Liverpool Victoria Insurance Company Limited (LV) paid to fix a leak under their buildings insurance policy.

What happened

Mr and Mrs S own a property which they rent out and is insured by LV. The water supplier visited the property and informed the tenant there was a leak. Mr and Mrs S's tenant then informed them of this. Mr and Mrs S spoke with their letting agent who advised the water company would be expensive to appoint to fix the leak and recommended someone else to repair it.

An independent contractor visited Mr and Mrs S's property and identified an underground leak. The independent contractor therefore replaced a section of the underground pipe to fix the leak. Upon testing another leak was discovered so the contractor replaced the entire pipe as it said it was more cost effective. Mr and Mrs S then claimed on their policy with LV for the repair cost for the leaks.

LV reviewed the claim and accepted it. It said it would only pay what it would have cost LV to repair the leak – not the cost of replacing the whole pipe - and offered this amount to Mr and Mrs S. There was some confusion over whether the £100 excess had been deducted twice, but eventually LV paid £1,043.10, minus the policy excess. Mr and Mrs S weren't happy with the amount LV offered to pay and complained.

LV reviewed the complaint and didn't uphold it. It said the policy covered accidental damage but didn't cover wear and tear and so didn't think it had done anything wrong by paying what it had. Unhappy with LV's response, Mr and Mrs S referred their complaint here.

Our investigator reviewed the complaint and didn't recommend it be upheld. He found that LV had offered what it would have cost it to repair the leak. While Mr and Mrs S's contractor had said it was cheaper to replace the whole pipe, he wasn't persuaded LV wouldn't have been able to repair it for the amount it had offered. Mr and Mrs S didn't agree, they said the contractor had repaired the leak and, as there was a second leak, it was cheaper to replace the whole pipe. Because of this they thought LV should pay what it had cost them to replace the pipe.

As Mr and Mrs S didn't agree the complaint has come to me to decide. I asked our investigator to let LV know that the invoice suggested there was more than one leak, and whether this changed its position on the amount it paid.

LV responded and said Mr and Mrs S had the leak assessed and repaired without notifying LV. Due to this, LV said it had been prejudiced in assessing the claim as it could have either inspected it or asked for photos and videos to show there were multiple leaks.

I asked our investigator to let Mr and Mrs S know LV's position in regard to reporting the claim late. Mr and Mrs S didn't dispute that the work was completed before telling LV about the claim, but said it was because they thought LV would need a quote for the work. Mr and

Mrs S said they'd only become aware LV could repair the leak after it had been repaired and said that their contractor had identified more than one leak and, when LV had spoken with the contractor, it appeared to accept this.

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.

The terms and conditions of Mr and Mrs policy say:

"If we can offer a repair or replacement through one of our suppliers and you choose not to have the item repaired or replaced or you wish to use your own supplier, we will not pay more than the amount we would have paid our supplier."

LV has provided a quote which shows it would cost LV £1,043.10 to complete the repair for the initial leak. I understand there is a dispute about this amount as Mr and Mrs S's contractor said there was more than one leak and so replaced the pipe, which it said was cheaper.

I can also see the terms and conditions of the policy say Mr and Mrs S must notify LV of an incident as soon as possible. They go on to say:

"You or any other person must not, without our permission: ...

- make your own arrangements for repair or replacement."

I've considered Mr and Mrs S's reasons for not reporting the claim until after the repair had been completed. However, I'm not persuaded that means LV needs to pay more than it has. I say this as I'm satisfied LV has shown if it had known of the claim before the repair was completed, it could either have assessed it or asked for photos or videos to support the contractor's report. And, as this wasn't done, I'm satisfied LV has been prejudiced by the claim not being reported as soon as possible. I'm therefore not going to tell it to pay any more.

My final decision

For the reasons explained above, my final decision is that I don't uphold this complaint. Liverpool Victoria Insurance Company Limited need to pay Mr and Mrs S £1,043.10, minus the policy excess, if not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 14 September 2023.

Alex Newman
Ombudsman