

## **The complaint**

Ms E complains about Liverpool Victoria Insurance Company Limited ("LV") and their refusal to provide her with home insurance because her property may have flooded in the past.

## **What happened**

In March 2023, Ms E obtained an online quote for a home insurance policy, underwritten by LV. She was provided with a quote number, and she called LV to discuss the quote to ensure the policy was accurate and as she expected.

But on that call, Ms E explained to LV that her property may have flooded in 1947, but she couldn't be sure for certain this was the case. Because of this, LV explained they would be unable to provide Ms E with cover, based on their underwriting criteria. Ms E was unhappy about this, so she raised a complaint.

Ms E didn't think LV were fair to decline providing her with cover based on the fact her property may have flooded more than 70 years earlier, as LV couldn't say for certain the property had flooded. And she explained LV had insured her property before, and that they were listed by an online advise organisation, who I'll refer to as "W", as an insurer who specialised in insuring homes at risk of flooding. So, because of the above, she wanted LV to agree to cover her property unconditionally and provide an apology alongside other additional requests.

LV responded to the complaint and didn't uphold it, providing two complaint responses. In both responses, LV explained they were entitled as the insurer to decide what risk they are willing to take on. And they were satisfied their refusal to provide Ms E with cover fell within their underwriting criteria and because of this, they didn't think they needed to do anything more. They did explain if Ms E was able to confirm definitively that her home hadn't been flooded previously, they would be willing to provide a new quotation but did explain if this information was then found to be incorrect, it may affect any claim she made, and the policy she would hold. Ms E remained unhappy with this response, so she referred her complaint to us.

Our investigator looked into the complaint and didn't uphold it. They explained the rules set by the industry regulator; the Financial Conduct Authority ("FCA") allow insurers such as LV to decide the risk they are willing to insure. But that insurers must ensure customers in the same situations are treated the same. And having considered the underwriting criteria of LV against the information provided by Ms E, they thought LV had acted fairly and reasonably as LV wouldn't provide cover for new business where properties may have flooded previously. So, even though LV had covered Ms E's property before, they didn't think LV had done anything wrong, as they're entitled to set and change their underwriting criteria when they see fit. So, they didn't think LV needed to do anything more.

Ms E didn't agree, and she provided several comments, and pieces of information, explaining why. This included, and is not limited to, her continued belief that LV had no evidence to show her property had definitely flooded before and so, without this, she didn't think it was fair for them to refuse cover based on the risk potentially flooding posed. And

she continued to ascertain that, without evidence of the flooding, LV's stance was discriminatory towards her. As Ms E didn't agree, the complaint has been passed to me for a decision.

### **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 not upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on Ms E. I've read all the comments Ms E has provided in detail. And having done so, I think it's clear Ms E feels strongly about the situation she finds herself in and I don't dispute her belief that LV have treated her unfairly. I recognise Ms E wanted LV to provide her home insurance policy because of a relationship she has with them through other products. So, when LV refused to provide her with a policy, I can understand the upset and frustration she would've felt, especially when they've provided her a home insurance policy previously.

But for me to say LV should do something more, such as provide an apology, I first need to be satisfied LV have done something wrong. So, I'd need to be satisfied they failed to follow their own underwriting criteria when refusing to provide the policy. Or, if I think they did follow these criteria, I'd need to be satisfied LV acted unfairly in some other way. And in this situation, I don't think that's the case.

First, I think it's important to make it clear that within the rules and guidelines set by the FCA, insurers such as LV are entitled to set their own underwriting criteria, which defines what level of risk they are willing to insure. And crucially, there is no correct way in which an insurer should assess these risks to determine what cover they are willing to provide. So, essentially, LV have no obligation to provide Ms E with the policy she wants. And because of this, our service is unable to direct LV to provide Ms E with an unconditional policy, even if we did think LV acted unfairly.

But although LV are entitled to set their own underwriting criteria, we would expect them to ensure a customer's situation is assessed in line with these, to ensure a customer is treated fairly, and by that we mean the same as another customer in the same situation. So, I've looked carefully through LV's underwriting criteria that they've provided.

And while I can't disclose the exact terminology within these criteria as it's deemed commercially sensitive, I'm satisfied that the criteria makes it clear that if any information is provided regarding any previous flooding, other than a definitive answer of the property has never flooded, then any new policy would be refused.

And I've seen from LV's system notes, and Ms E's own testimony, that Ms E did disclose the area her property is situated in did flood on or around 1947. So, because of this, Ms E was unable to say for certain that her property had never flooded. So, because of this, I think LV were fair to consider this lack of certainty regarding previous flooding against their underwriting criteria and decide Ms E's circumstances failed to meet the level of risk required for a policy to be offered. And I'm satisfied LV would've taken the same decision had another customer provided the same answer as Ms E. So, I don't think I can say LV have acted unfairly on this occasion and because of this, I don't think they need to do anything more.

I understand this isn't the outcome Ms E was hoping for. And I do understand why Ms E feels LV are unfair to take this stance without them having definitive proof flooding did occur. But I wouldn't expect LV to take further action to confirm whether or not Ms E's property had flooded, as I don't think this is their responsibility as the insurer. When a consumer takes out a policy, it is the consumers responsibility to ensure they've answered all the questions asked by an insurer accurately, and correctly. So, where Ms E is unsure of what the correct answer is, I think it would be Ms E's responsibility to take the actions necessary to obtain the information. And while I appreciate the difficulty Ms E has faced in obtaining this from the relevant authorities, I don't think is the fault of LV.

I also recognise the confusion Ms E may feel, considering LV had insured her property before. But I can only consider the circumstances of this complaint, based on LV's decision to refuse cover on this occasion. And it's worth noting that insurers can change the risk they are willing to insure at any time and so, it may be that the risk they were willing to accept in the past may differ from the risk they are willing to accept now. And as Ms E changed insurers after LV had provided a policy, I think LV were fair to deem Ms E's custom to be new business, as she wasn't continually insured by them for her property.

So, because of all the above, I don't think LV have made a mistake or acted unfairly on this occasion. As LV have fairly pointed out, should Ms E be able to provide information that proves her property has never flooded, then they would look to consider a new quote. It is up to Ms E whether she wishes to take this option further.

### **My final decision**

For the reasons outlined above, I don't uphold Ms E's complaint about Liverpool Victoria Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 8 January 2024.

Josh Haskey  
**Ombudsman**