

## **The complaint**

Mrs D complains about the settlement offered to her from Liverpool Victoria Insurance Company Limited (LV), following a claim under their home insurance policy.

## **What happened**

Mrs D had a home insurance policy with LV. Following an accident, damage was caused to her carpet, so she made a claim. The claim was accepted, and LV instructed an assessor to assess the damage.

Following the assessment, LV offered Mrs D three options for the claim to be settled. Those options were: 1) That LV would organise and replace the damaged carpet. 2) that Mrs D could go to LV's suppliers and choose a carpet within the price range and 3) LV could send vouchers up to the cost that it would have paid, if Mrs D wanted to obtain the carpet elsewhere.

Mrs D was unhappy with this outcome as she said that the carpet that she found and had chosen, far exceeded the settlement that LV offered. She believed that the settlement and the carpet that LV offered wasn't a like-for-like offer. So, she complained to LV.

LV in its final response said that it had applied Mrs D's policy terms and conditions to the offer, which it felt was fair. It said that the carpet that it had offered retailed at £42.99 per square metre and was the same material and weight of Mrs D's damaged carpet. It said that the damaged carpet that had been fitted a few years earlier had retailed at around £30 per square metre. So, it had complied with its obligations.

Mrs D was still unhappy with the outcome as she felt that LV hadn't been fair in its settlement. So, she further complained. As a result of Mrs D challenging LV's first offer, LV in an attempt to resolve the complaint, said that although it had correctly made an offer to settle the claim based on Mrs D's policy terms, a decision was made to agree to the cash settlement that Mrs D wanted. Consequently, LV increased the offer, which it paid, after Mrs D accepted it.

Despite this, Mrs D was given her referral rights and as she remained unhappy with how LV handled her claim, she referred a complaint to our service. She said that she had been put under significant stress for a period of around three months. And LV ought to have arrived at the decision to settle the claim much sooner.

One of our investigators considered the complaint and thought it shouldn't be upheld. She said that LV's initial offer was in line with Mrs D's policy terms and conditions. She also thought that LV had been fair to offer to cover the full costs of the replacement carpet, which it wasn't obliged to do under the policy terms and conditions. She acknowledged Mrs D's strength of feeling and the stress she felt, when dealing with LV. But concluded that there was nothing further she could reasonably ask LV to do.

LV accepted the view, Mrs D did not. Essentially, she felt that it wasn't fair for LV to have put her under so much stress and inconvenience and that LV ought to have settled the claim much sooner. So, she 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. I understand that this is likely to be a disappointment to Mrs D, but I hope my findings explain why I think this is fair.

Mrs D has provided detailed comments as to why essentially, she felt LV ought to pay her compensation for the trouble and upset, she says it caused her in the way it handled her claim. I have considered each point that she has made. As an informal dispute resolution service, we are tasked with resolving complaints with the minimum of formality and on an impartial basis. So, I hope that Mrs D won't take it discourteously if I don't respond in the same way. But I do think that the main issue here is whether LV were fair in the way it handled her claim.

I've reviewed the policy terms and conditions, as this is the best starting point to see what LV's obligations were under the policy. These obligations are the contract between Mrs D and LV.

Following a claim, LV's obligations (when dealing with home contents) under the policy states:

*'Your insurer will at its option:*

- i) Replace as new;*
- ii) Pay the cost to them of replacing as new;*
- iii) Repair; or*
- iv) Pay the cost to them of repair '*

LV further explained that if a consumer wished to have a cash settlement, in which they chose the supplier, then LV would settle the claim on the basis of what it would've cost them to replace. This would inevitably mean that it would have access to discounts, given the volume of business that it passed to its suppliers.

I must say to Mrs D that this practice is not unique to LV and many insurers (LV included) will only settle claims on this basis. That is, offer a settlement on the basis of what it would've cost them. Our service are not the regulators of insurers, this is the remit of the Financial Conduct Authority. So, we are unable to tell an insurer how it should run its business. What we do is to look at whether it dealt with the consumer fairly.

By offering the first settlement, within a few days of its assessor attending, I don't think LV were unfair in its offer, which I'm satisfied was in line with Mrs D's policy terms.

It is clear that Mrs D was unhappy by the initial settlement offer and challenged this. She said that LV didn't offer her a like-for-like replacement and the cash settlement it offered didn't provide for a suitable replacement carpet.

LV said that the carpet that it offered was of the same material composition and cost more per metre square, than the original damaged carpet. So, it was a like-for-like replacement. In any event, Mrs D successfully challenged the original offer that LV made. And I note that in

order to resolve the complaint, LV increased its offer to the full cash settlement that Mrs D sought. In doing so, I note that LV also paid for the cost of replacement gripper rods, even though Mrs D has provided no evidence that the rods were damaged.

Whilst I understand that Mrs D said that it was incredibly stressful in obtaining the full settlement from LV and that LV ought to have acceded to her request sooner, I can't agree that LV acted unfairly here. As within a short period of time, after the claim was made LV made the settlement offers, which I think were in line with Mrs D's policy terms and conditions.

Further, LV increased its offer to her, which included items that hadn't been affected as a result of the accidental damage. I appreciate that Mrs D was deeply unimpressed by LV, but having reviewed all of the evidence, including the policy terms and conditions, I don't think that LV was unfair or unreasonable in its settlement and handling of her claim. Accordingly, I can't reasonably ask LV to do anything more to resolve this complaint.

### **My final decision**

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 4 September 2023.

Ayisha Savage  
**Ombudsman**