

The complaint

Mr S complains about Lloyds Bank General Insurance Limited (“Lloyds”) declining his claim for contents damage following a leak into his home. He wants Lloyds to accept his claim and settle his damage.

What happened

Mr S lives in a rented property temporarily. There is a property above, which is owned by a Local Authority.

Mr S purchased contents insurance from Lloyds in mid-December 2022.

A few days later, a leak occurred from the property above, causing hot water to penetrate into Mr S’s property. The water caused damage to two sofas, a tv, a rug and some artwork that was waiting to be hung.

Mr S submitted a claim for his damaged possessions in mid-May 2023. During his initial call to log the claim, Mr S indicated that the leak had occurred on 20 December 2022 and that there had been at least 6 leaks from the property above.

Lloyds sent an assessor to Mr S’s home and they prepared a report on the damaged items. They acknowledged that they had been damaged by water but commented that there was clearly an ongoing issue from the property above and they considered that the damage pre-dated the policy inception.

Based on that assessment, Lloyds declined the claim. It pointed to the policy terms which exclude damage which develops over time, and also it considered that Mr S had delayed in making the claim, which made it harder to demonstrate the cause of the damage.

Lloyds has since invited Mr S to submit further evidence in support of the claim and has said that it will reconsider its decision if evidence is provided.

Mr S complained and Lloyds sent its final response in July 2024. It acknowledged that Mr S received a poor service from bank staff and offered him £75 compensation to reflect that. It maintained its decision to decline the insurance claim on the basis that the claim had not been supported and it considered that an exclusion applied.

Mr S was not happy with this and contacted us.

Our investigator looked into this matter and did not recommend that the complaint be upheld. They thought that Lloyds had acted reasonably and had left the option open for Mr S to provide additional information if he wanted to pursue the claim.

Mr S did not accept that view and asked for an ombudsman 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.

Firstly, I sympathise greatly with Mr S. It appears that his possessions were damaged due to an escape of water from another property which was entirely outside of Mr S's control. I appreciate that would feel very unfair and upsetting.

In this instance, there is evidence to support Lloyds's view that the leak was ongoing at the time the policy was inception. It appears that there was a recurring issue from the property above and damage occurred over time whilst Mr S lived in the property. There is also evidence that Mr S did not submit the claim promptly and so the damage could not be mitigated or assessed near to the time of the loss.

I do not think that Lloyds has provided comprehensive evidence to reject the claim, but it has provided an initial response which is reasonable in the circumstances and is a fair conclusion based on the currently available evidence. Lloyds is entitled to request reasonable evidence in support of a claim, and it can rely on policy exclusions where these apply. If information is not provided by the policy holder, then Lloyds can only base its decision on what is available.

I would expect that Lloyds remains open to receiving further information that supports Mr S's claim, as it requested in June and July 2023. If Mr S provides further information, I would expect that Lloyds consider whether this changes the balance of the evidence and alters its decision. It should then give a reasoned decision to Mr S at that time.

Mr S would need to provide further information to Lloyds though, for it to review its position. I appreciate that he feels that the blame for this issue is mainly with the owner of the property above, and I understand why he would wish to pursue that avenue first.

Overall, whilst I sympathise with Mr S, I think that Lloyds has acted reasonably on the information it has received to date. I therefore do not uphold the complaint but wish Mr S the best in getting appropriate resolution from the property owner. I do not currently ask Lloyds to do anything further.

My final decision

For the reasons set out above, I do not uphold Mr S's complaint and do not ask Lloyds Bank General Insurance Limited ("Lloyds") to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 March 2024.

Laura Garvin-Smith
Ombudsman