

## **The complaint**

Mr G complains about how Lloyds Bank General Insurance Limited trading as Halifax (“Lloyds”) dealt with a claim he made on his home insurance policy following an escape of water at his home.

Lloyds is the underwriter of this policy, i.e. the insurer. Part of this complaint concerns the actions of its agents. Since Lloyds accept it is accountable for the actions of the agents, in my decision, any reference to Lloyds includes the agents.

## **What happened**

Mr G has a home insurance policy with Lloyds. Mr G pays for home emergency cover as an additional benefit with the policy.

He says the water tank in the loft leaked causing water damage to his son’s bedroom ceiling and some other items.

Lloyds appointed a loss adjustor who didn’t go up into the loft but instead carried out his inspection through the loft hatch. The loss adjustor told Mr G that the cost of repair would be up to £2,200. But Mr G didn’t think this would be enough to cover the cost of the repairs so he queried the settlement amount with Lloyds.

Mr G raised concerns about the joists in the ceiling since they appeared to be slightly bowed. He says his concerns weren’t listened to and Lloyds told him if there were issues with the joists the original loss adjustor would have seen this when he carried out his inspection.

Lloyds told Mr to obtain his own quote which he did. His quote was for approximately £6,500. Lloyds him the quote wasn’t detailed enough. So, he obtained another quote and this time it was for £13,000. Lloyds challenged the quote and so Mr G raised a complaint since he felt he was being forced to use Lloyds’ contractor.

Mr G suggested Lloyds appoint another loss adjustor to assess the damage but Lloyds didn’t agree. And so he says he accepted the settlement in order to get some of the work completed and to get his home back to the condition it was in before the escape of water. Eventually another surveyor attended his home in December 2023 and identified further work that needed to be carried out. So Lloyds increased its cash settlement by £413.24 to reflect the additional work.

Because Mr G wasn’t happy with how his claim was being handled he complained. Lloyds apologised that the service was not to the standard it would expect. It paid £775 to reflect the distress and inconvenience.

Mr G wasn’t satisfied with the response from Lloyds so he referred his complaint to this service. One of our investigator’s looked into things for him. He said since the surveyor’s visit to Mr G’s home in December 2023 further water damage had been identified – to more widespread parts of the loft’s insulation and boarding which should have been identified in the initial loss adjustor’s visit. The investigator recognised that had the surveyor attended

earlier, when Mr G first requested it, the additional damage would have been identified much sooner.

The investigator said Lloyds's decision to decline the claim for damage to the joists caused by woodworm was reasonable since the policy specifically excludes damage caused by insects.

The investigator said since the additional scope of work should have been identified by the first loss assessor, Lloyds should pay simple interest on the difference in the cash settlement from the period between having the work completed and having the cash settlement updated. The investigator said Mr G's concerns about the damage to the loft hadn't been taken seriously until a year after the incident, and this revealed the original scope of works wasn't accurate. So he recommended Lloyds pay Mr G a further £425 for the distress and inconvenience caused (£1,200 in total), pay simple interest on £413.24 from the date Mr G paid the contractor to the date the amended cash settlement was paid.

Mr G didn't agree with the investigator's outcome. He said he didn't think the compensation amount was fair even if his loft boards hadn't been identified as being damaged by the water. He says Lloyds refused to help or provide any support throughout the handling of the claim. Because Mr G didn't agree the complaint has come to me to decide.

### **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.

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Having done so, I must tell Mr G that I think the investigator has reached a fair outcome here. I'll explain why.

There is a lot of information about the claim Mr G made, and I've looked through everything provided. The detail is well-known to both Mr G and Lloyds, so I haven't described the claim in any great detail here. I'll comment on any relevant evidence where appropriate to explain my decision. It is also not my intention to minimise the effect the claim has had on Mr G. I recognise the impact the matter has had on him and I empathise with the difficulties he has clearly faced.

Lloyds upheld part of Mr G's complaint since it accepts the level of service it provided fell short of what Mr G was entitled to expect. My decision only deals with matters up to the final response letter dated 3 March 2023. But doesn't include the matters dealt with in Lloyds final response dated 1 January 2023.

#### *Cash settlement offer*

Mr G's policy allows Lloyds to settle a claim by repairing the damage, replacing the damaged items, or paying cash to cover the cost of repair or replacement. Generally speaking Lloyds can settle the claim whichever way it chooses; it doesn't need Mr G's agreement. But we still expect an insurer to treat the customer fairly.

The scope of works produced by the initial loss adjustor was costed at approximately £2,400. Mr G says he didn't think the necessary work could be completed for this sum. And the quotes he obtained were significantly more than Lloyds estimate.

Here, I can see Lloyds offered to carry out the repairs but Mr G declined. And so Lloyds was only required to pay him the cost to the insurer – and I think that's fair. That's because Lloyds gave Mr G the chance to be indemnified and he chose not to. Had Lloyds identified further issues or damage once work started it would have been responsible for ensuring all damage flowing from the incident was repaired and Mr G put back in the position he would have been in before the escape of water.

Mr G is entitled to decide who carries out work in his home, and whether he wants the insurer to complete those repairs. I can understand why he chose not to proceed with Lloyds' contractor. But that means, unfortunately for Mr G, that Lloyds is only required to pay the likely cost to itself. And so, I'm unable to uphold this aspect of the complaint.

### *Delays and claim handling*

I can see there were delays from the outset of the claim. Some of them relate to Mr G's home emergency provider so I won't comment on that here.

Mr G reported the incident and the loss adjustor came to inspect the damage. The relevant industry rules say an insurer should handle claims promptly and fairly. I can see from the information provided that wasn't the case here.

Lloyds accept it should have dealt with the claim more efficiently. I can see Lloyds spent time looking at arranging the outstanding works for Mr G. And that's what I would have expected it to do. It's unfortunate those efforts didn't always lead to the claim being progressed. But I can see Lloyds were attempting to resolve Mr G's concerns for him, and to move the claim along.

Mr G asked Lloyds to send a further loss adjustor to inspect his home as he wasn't happy with the condition of the loft's insulation and boarding. But Lloyds didn't do this. If it had its likely that the further damage to this area would have been identified and added to the scope of work at the time.

I can see that matters have caused Mr G a lot of worry and day to day disruption. And having to chase Lloyds to sort things out has been added effort. I can see Mr G has suffered considerable stress as a result of this matter. And so I'm upholding this part of the complaint.

### *Compensation*

I can see from the information provided to me, and from Mr G's testimony, that what should have been a fairly straightforward claim became time consuming and stressful. There have been mistakes, periods of inactivity, and failures to communicate with Mr G. This has resulted in wasted time on his part, making repeated calls to chase things up, waiting for contractors, and arranging his own contractors to provide quotes. This has all taken place over months when it should really have been a matter of weeks.

Lloyds have paid Mr G £875 compensation to reflect the distress and inconvenience caused by its handling of his claim. Our investigator recommended increasing this by £425 and has said this is fair and reasonable in the circumstances.

I accept the situation has been distressing for Mr G and his family. And has caused a serious amount of disruption to their daily life for many months. Mr G has spoken about the stress of the claim, feeling Lloyds weren't supportive and his concerns weren't being heard. Its clear Mr G has also gone to a lot of effort in arranging contractors, and there has been a significant amount of back and forth in order to get his home in the condition it was in prior to the escape of water.

I have seen that, latterly, Lloyds has looked at the claim again and increased the settlement of the claim in line with its findings. And that's what I would expect it to do.

I agree with the investigator's recommendation to increase the compensation by £425. This gives a total compensation of £1,200. I think this is fair and reasonable in the circumstances of the complaint, and is broadly in line with the awards we make for trouble and upset as set out on our website. £1,200 is fair where the impact of a business's mistake has caused substantial distress, upset, and worry as is the case here. Mr G has described serious disruption to daily life over a sustained period, where the impact has been felt over many months.

Taking everything into account I think a further £425 payment in compensation to reflect the substantial impact its mistakes have caused is fair and reasonable; and in line with what I would have awarded had the recommendation not already been made.

Mr G received an additional payment of £413.24 following a further review of his claim once the surveyor attended his property in December 2023. I think Lloyds should pay Mr G simple interest on this amount since I'm satisfied he should have received that payment with the original cash settlement of the claim.

I understand Mr G will be disappointed with my decision as he's been through a lot of distress during the claim and he's unable to get that time back. But I hope he can see I've considered the evidence and determined the impact in line with this service's approach.

### **Putting things right**

Lloyds must;

- Pay Mr G a further £425 for the distress and inconvenience caused
- Add interest to the additional payment of £413.24 at a rate of 8% simple per year from the date Mr G paid the contractor to the date the amended cash settlement was paid to him.

### **My final decision**

My final decision is that I uphold this complaint and direct Lloyds Bank General Insurance Limited trading as Halifax to settle the complaint by doing what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 15 April 2024.

Kiran Clair  
**Ombudsman**