

The complaint

Mr P has complained about the way Lloyds Bank General Insurance Limited handled a claim he made on his home insurance policy for subsidence.

Reference to Lloyds includes its agents and representatives.

What happened

As the circumstances of this complaint aren't in dispute, I'll summarise what's happened.

- Mr P got in touch with Lloyds in 2022 about crack damage to his property. Lloyds accepted the claim and began taking steps to deal with the damage.
- Unhappy with the way the claim was being handled, Mr P complained. In December Lloyds accepted there had been delays and offered compensation. The claim continued but Mr P complained about further delays and communication problems.
- Lloyds accepted its service hadn't been good enough and in May 2023 it offered a further £150 compensation. It agreed to organise drain repairs, but it said it needed information from Mr P about his previous home insurer before it would carry out the building repairs.
- Drainage repair was carried out, but Mr P didn't think it had been done properly. He had corrective work carried out by a plumber. I understand he paid £90 for this work, and Lloyds has reimbursed this sum to him.
- Lloyds continued to insist it needed information about Mr P's previous insurer to proceed. He asked whether Lloyds was able to find this out for him and it agreed to check on that. He complained about further delays and communication problems.
- In September 2023, Lloyds provided its complaint response. It conceded there had been continued problems since its previous complaint in May 2023 and offered a further £350 compensation. At this time, it hadn't confirmed whether it could find out his insurance information or whether the claim could proceed without it.
- Our investigator thought Lloyds was entitled to ask for the insurance information. And the compensation offered was reasonable in the circumstances.
- Mr P was unhappy with this. He said Lloyds hadn't been clear that the insurance information was essential for claim progress and that caused a delay. Poor communication and difficulty completing the drain repairs had also caused delays. And it hadn't told him relevant information about the claim, so he was unable to get renewal quotes from other insurers to try to get more competitive cover.

My provisional findings

I recently issued a provisional decision in which I said:

- Mr P referred his complaint to this Service in September 2023. That means the December 2022 complaint response was referred to us outside of the relevant time limits and we can't consider it. However, the May and September 2023 complaint responses were referred to us within those time limits.
- So the scope of this complaint is the claim events between the complaint responses in December 2022 and September 2023. I won't be considering events outside of this timeframe, including Mr P's recent point about the renewal quote. Lloyds has responded to that separately, so Mr P is entitled to refer it to this Service if he wishes.
- Lloyds is required to handle claims promptly and fairly. It accepts it hasn't done that in this case. As a result, I won't go through everything that happened during the relevant period of time. I'll focus on the key points.
- In early 2023, Lloyds arranged for site investigations to be carried out. However, several months later, the results of those investigations were yet to be received and assessed, so the claim hadn't progressed. That prompted a complaint from Mr P and I can understand why – it took several months to arrange and report on the investigations when I'd usually expect it to be a much quicker process.
- After that, Lloyds agreed to carry out drainage work. But it seems it didn't do so properly, which left Mr P to arrange for the work to be completed satisfactorily. Whilst Lloyds has met his financial loss, this would have caused some avoidable distress and inconvenience for Mr P, together with an avoidable delay.
- After the drainage work was completed, I would have expected Lloyds to have been clear with Mr P about what the next steps were. Usually that would involve appointing a builder to meet with Mr P, inspect the damage, and prepare a schedule of work.
- That didn't happen because Lloyds wanted to know the insurance information before progressing the building repairs. In principle, I'm satisfied Lloyds is entitled to ask for that information as it can help Lloyds to recover a significant amount of the claim cost from another insurer. However, I don't think Lloyds was clear with Mr P that it required this information in order to proceed with his claim. If it had been, he would likely have dealt with it sooner, and that would have avoided some delays.
- When Mr P said he was struggling to find all of the information, Lloyds agreed to see if it could help. I think that was helpful in principle – but over a month later, when the September 2023 complaint response was sent, it hadn't progressed the matter at all. So further delays were encountered.
- All things considered, in the roughly nine-month period of time I'm considering, Lloyds caused numerous avoidable claim delays. And it's conceded that its communication was lacking during that time. So I think it was right it offered compensation. I'm satisfied a total of £500 was reasonable in the circumstances. I understand it paid the latter the £350 but not the earlier £150. If that's so, it need only pay the remaining £150 compensation.
- I'm not going to require Lloyds to pay more compensation than it's already offered for matters within the scope of this complaint. But I note Mr P has made four complaints about delays and poor communication during his claim – and on each one, Lloyds has accepted what he said and paid compensation. Whilst I'm pleased to see Lloyds

has recognised its shortcomings, it's clear Lloyds has failed to fulfil its regulatory requirement to handle claims promptly and fairly – and it doesn't seem to be taking steps to stop that from continuing. I would expect it to put that right as it handles the remainder of this claim.

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.

Lloyds responded to say it had no further comments to add.

Mr P didn't respond.

As neither party has challenged or commented on my provisional decision, I assume both parties agree with what I've said.

As a result, I see no need to comment further and/or change my findings.

My final decision

I uphold this complaint.

Lloyds Bank General Insurance Limited has already made an offer to pay a total of £500 to settle matters within the scope of this complaint. I'm satisfied this is a fair offer. So I require Lloyds to pay a total of £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 27 March 2024.

James Neville
Ombudsman