

## The complaint

Mr and Mrs B are unhappy with how Lloyds Bank General Insurance Limited dealt with their home insurance claim.

Mr and Mrs B are represented by their son. For clarity, I will refer to him as Mr A.

This complaint involves the actions of agents for whom Lloyds is responsible. Any reference to Lloyds includes its agents.

## What happened

In 2018, Mr and Mrs B had a leak in their bathroom, with some water leaking down into their kitchen. The leak was repaired. They made a claim to Lloyds for the damage. Lloyds sent an agent to inspect the property and they suggested a cash settlement of £365.66. Mr and Mrs B complained about the agent and the offer. Lloyds issued a final response in July 2018, apologising and agreeing to send another agent.

Lloyds went on to increase its settlement offer to £3,776 but Mr and Mrs B thought this was too low. They obtained their own quote for the work which said it would cost around £19,000. Lloyds issued a final response in July 2019, increasing its settlement offer to £4,776. Mr and Mrs B didn't accept this.

In November 2020, Mr and Mrs B noticed additional water damage to their kitchen so they got back in touch with Lloyds and complained again. They thought the damage was related to the leak. Lloyds issued a final response in December 2020 to say it didn't think the damage was related, but it invited Mr and Mrs B to send photos so it could review further.

Mr A began representing Mr and Mrs B, and in 2023 he sent photos of the damage to Lloyds and referred the matter to the Financial Ombudsman. Lloyds issued another final response in October 2023 to say it had considered the photos but didn't think the damage was related to the leak. It said its settlement offer from 2019 remained the same.

Mr A also found that Lloyds had sent incorrect policy documents and he complained about this. In November 2023, Lloyds apologised and paid Mr and Mrs B £50.

I reviewed the matter and first issued a jurisdiction decision setting out what I could and couldn't look into. I found the 2018, 2019 and 2020 final response letters were out of my jurisdiction as they were referred too late, and I could only consider the issues in connection with the October and November 2023 final response letters.

Mr A sent further evidence of the kitchen damage, including videos of Mr and Mrs B's kitchen and bathroom as well as evidence of when the different photos were taken. I provided this evidence to Lloyds and asked for its comments, but it did not respond.

I issued a provisional decision upholding the complaint to an extent. I said:

"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 intending to uphold the complaint. I've explained why and I've focused my comments on what I think is most relevant. If I haven't commented on a specific point, it's because I don't believe it affects what I consider to be the right outcome.

Lloyds compared the photos Mr A provided to those that its agents took in 2018 and 2019, following the original leak. Lloyds thought that the damage in Mr A's photos looked worse and so couldn't have been caused by a leak that happened so long ago. But I don't think Lloyds did enough to establish that the damage wasn't covered.

Lloyds was in possession of photos showing damage to the kitchen in 2020. The photos showed blown kitchen cabinetry and water staining to the walls and ceiling. The damage visible in Mr A's photos from 2023 is very similar. There are differences. Part of the ceiling has been cut away and there's more water staining. But Mr A has explained how this happened. He said that when the family cut into the ceiling to inspect the damage, they found water had pooled there and leaked into the ceiling plaster. This doesn't sound unreasonable to me.

Even so, what I'm most concerned about is the blown kitchen cabinetry. This, to me, is a clear indication of water damage. The cabinetry is located directly below the bathroom which was the location of the original leak, and it was well documented that water had leaked down into the kitchen ceiling below. I think the photos ought to have prompted Lloyds to carry out a more thorough inspection to determine the exact cause of the damage and the extent to which it's connected to the original leak – or the extent to which it's connected to something new. This would have enabled Lloyds to properly and fairly assess its liability.

Instead, I've reviewed Lloyds' claim notes, and I can't see any evidence to show that it considered any expert opinion before making its decision. Given the clear evidence of water damage, I don't think Lloyds acted fairly.

To put things right, I would usually tell Lloyds to send a surveyor to carry out an inspection. But Lloyds had the chance to do this and chose not to. Mr A has said he and Mr and Mrs B have lost faith in Lloyds because of everything that's happened over the course of the dispute and with the original visits. I can't make any findings on those events because they're time barred. However, the dispute has gone on for more than five years so I can understand why the relationship has broken down.

Mr A has said he's willing to obtain an independent report into the kitchen damage. So, in the circumstances of this specific complaint, I'm intending to tell Lloyds to consider an independent report provided by Mr A. Lloyds should deal with any kitchen damage identified in this report as being linked to the original leak (subject to the remaining policy terms).

If any damage is found to be in connection with another insured event, this would require a new claim to be recorded and an additional excess to be paid as per the policy terms. So, Lloyds should discuss with Mr and Mrs B (or a representative) whether they want to proceed with a new claim and, if so, assess that claim in line with the policy terms.

I'm also intending to tell Lloyds to reimburse the cost of the independent report with interest, subject to Mr A providing proof of payment.

I also think Lloyds' decision would have been upsetting and distressing for Mr and Mrs B. Mr A has represented them and I don't have the power to award compensation to him as a representative. I also can't say whether the kitchen damage is covered under Mr and Mrs B's insurance policy, so I can't hold Lloyds responsible for not accepting the claim – only for not investigating it further. Even so, I think Mr and Mrs B were left in significant uncertainty and caused to worry for a very long time. So, I intend to award them £450 to recognise this.

Regarding the incorrect policy documents, I understand Mr A is concerned that Lloyds was trying to frustrate the family's attempts to prove their case. I think this was more likely down to human error. Even so, I can see how this would have caused annoyance and inconvenience. I think £50 was a fair amount for Lloyds to pay to recognise this.

Overall, I appreciate Mr and Mrs B might want me to go further in my findings, or to look at prior events. But, based on what I've seen so far and what I have the power to look into, I'm satisfied that my intended redress represents a fair and reasonable way to resolve the complaint."

## **Responses**

Mr A asked who he should contact to arrange the inspection. I said I couldn't say but the person would need to be suitably qualified. He asked whether damage would be considered under the 2018 or the 2024 policy terms. I said this would depend on when the damage was found to have occurred. He said Mr and Mrs B have been insured with Lloyds since 2018 so the damage will be covered. I said it would depend on whether there are any other reasons why the damage may not be covered, such as a policy exclusion. Mr A also thought £450 was too low for the distress and inconvenience Mr and Mrs B have suffered.

Mr A obtained an independent report from a surveyor. The surveyor found that the kitchen damage was most likely caused by the original leak.

Mr A said Lloyds should pay the full amount of any estimates provided by the family's chosen contractors for the kitchen and the bathroom. He said there must be no room for negotiation. He said Lloyds has delayed the matter by disputing estimates before. He insisted Lloyds pay the full amount of any quotations without dispute. He said Lloyds mustn't be allowed to argue over the pricing of separate quotations even if multiple contractors are needed. He said Lloyds mustn't contact the chosen contractors under any circumstances. He said Lloyds has done this before to negotiate behind the family's back and try to reduce the settlement. He also said Lloyds should pay the amount it would cost an ordinary customer to have the work done and shouldn't reduce the settlement to what it would pay its own contractors. Finally, he asked that I award £150 for the hassle of obtaining the independent report.

Lloyds said it was disappointed that I didn't think it dealt with the matter fairly. It explained its actions in 2020 and said that Mr A had sent the requested photos 34 months later. Lloyds said it was surprised by this delay because the photos were intended to persuade it to increase its settlement offer. Lloyds said it would be completely unacceptable for an insurer to take that long to provide information it had available. So, it disagreed with my comment that the dispute has gone on for five years so I could understand why the relationship had broken down. It said there was no contact for most of that time.

Whilst Lloyds disagreed in part, it said in the spirit of moving the matter forward it would accept my findings.

## **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, and considering the further responses from the parties, I haven't changed my view of the complaint – I still think it should be upheld to the same extent as I set out in my provisional decision. I'll explain why.

I've considered whether Lloyds took a fair view of Mr and Mrs B's complaints in 2023. This is what I have the power to consider in this decision. I can't look ahead at events that are yet to happen, and I can't consider the complaints made prior to 2023.

I said in my provisional decision that Lloyds didn't take a fair view of the evidence Mr A provided in 2023. I appreciate Lloyds' comment that Mr and Mrs B took a very long time to get back in touch with Lloyds – and I agree that we wouldn't say it's fair for an insurer to take that long. But it's my role to evaluate Lloyds' actions. I'm still of the opinion that it should have investigated further based on the evidence Mr A provided.

Mr A has asked me to give further instructions to Lloyds about how it should handle the claim going forwards. But the way Lloyds handles the claim from here is outside the scope of this decision.

I know this will be disappointing for Mr A and Mr and Mrs B. I recognise that I'm looking at a small part of what is, for them, a very long and ongoing dispute. But it's not our role to manage an insurance claim into the future.

To resolve the deadlock that was presented to our service, I said that if Mr A were to obtain an independent report then Lloyds should deal with any connected damage in line with the policy terms. The parties have engaged with this. Mr A has obtained a report and Lloyds has said it will deal with it in line with my findings. I'm not able to look further at the things Mr A would like me to consider. If Mr and Mrs B are unhappy with the way the claim is handled in future, they would need to raise a new complaint to Lloyds and refer this to our service if they're still unhappy.

I've considered what Mr A has said about additional compensation. Having done so, I won't be telling Lloyds to pay more than I set out in my provisional decision. At the time of Lloyds' final response letter in 2023, it wasn't clear whether the damage was covered – and it should have investigated. Mr and Mrs B have been affected by that decision. Mr and Mrs B were left in a period of uncertainty and caused to worry about whether the damage would be covered. I think £450 is a fair and reasonable amount of compensation to recognise this.

Mr A has asked me to award £150 for the hassle of obtaining the independent report, but I don't think this would be fair. First, an inspection always would have been necessary. Second, I'm not persuaded that Mr and Mrs B have been caused material distress and inconvenience because of it.

Mr A said he was willing to obtain the report. He asked for guidance about what sort of firm he should use. The report was addressed to Mr A and it mentioned dealing with him. I said in my provisional decision that I can't award compensation to Mr A as a representative. So, I make no further award to Mr and Mrs B for this.

I'm satisfied that the redress I set out in my provisional decision is fair and reasonable to resolve the complaint that was presented to our service.

I've considered the complaint again and my opinion hasn't changed. So, my provisional decision and my additional comments here are now the findings of this, my final decision.

### **Putting things right**

To resolve the matter, I require Lloyds to:

- Consider the independent report from Mr and Mrs B and deal with any kitchen damage identified in this report as being linked to the original leak, subject to the remaining policy terms.
- If any damage is found to be in connection with another insured event, and Mr and Mrs B want to proceed with a claim for this, Lloyds should assess this in line with the policy terms.
- Reimburse the cost of the independent report, subject to proof of payment being provided. Add 8% simple interest per year to this from the date of payment to the date of settlement.
- Pay Mr and Mrs B a further £450 of compensation for distress and inconvenience.

### **My final decision**

For the reasons I've given, I uphold Mr and Mrs B's complaint about Lloyds Bank General Insurance Limited and direct it to do as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 14 January 2025.

Chris Woolaway  
**Ombudsman**