

## **The complaint**

Mr W complains about how Lloyds Bank General Insurance Limited handled and settled a claim he made under his household insurance following the loss of his hearing aids.

## **What happened**

Mr W holds a policy of home insurance, which is provided by Lloyds Bank General Insurance Limited (Lloyds).

On around 26 September 2024, Mr W reported a claim to Lloyds for the loss of his hearing aids. He told Lloyds he thought both hearing aids may have fallen from his bedside table at home and been accidentally vacuumed up. He told Lloyds that, on becoming aware of the loss of his hearing aid, he had extensively searched his home but had been unable to locate them.

Lloyds assessed Mr W's claim and declined it. It informed him that his policy didn't provide cover for items which had been lost within the home as this wasn't an insurable event.

Mr W disagreed with Lloyds' repudiation decision. He asserted that his policy didn't specifically exclude loss within the home as applicable to the circumstances he reported. He said, because of this omission within the policy, Lloyds should settle a claim in his favour and complained that its decision to decline his claim was unfair.

Lloyds investigated Mr W's complaint but didn't uphold it. It maintained its decision to decline his claim and said it hadn't made an error in how it had assessed his claim.

Being dissatisfied with Lloyds' response to his complaint, Mr W referred it to our service. Our investigator looked into what had happened and empathised with Mr W. But they weren't persuaded loss within the home was covered or that Mr W had suffered loss that was caused by an insured event. So, they didn't think Lloyds had acted unfairly in declining to cover Mr W's claim and they didn't recommend upholding this complaint. But Mr W disagreed and asked an ombudsman to review his complaint.

## **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.

I'm sorry to hear about the difficulties Mr W experienced here. I know he feels very strongly about this matter and I appreciate the reasons he brought his complaint to our service. He's suffered the loss of expensive hearing aids, which he's been unable to fund the replacement of. I recognise that this has impacted on Mr W's ability to socialise and his enjoyment of life.

However, while I sympathise with Mr W, the issue that I must determine is whether Lloyds made a mistake, or treated him unfairly, in declining his claim such that it needs to now put things right. And, having thought carefully about everything Mr W and Lloyds have said here, I've reached the same conclusions as those of our investigator. I'll explain why

This service is an informal dispute resolution service. When considering what's fair and reasonable, I'm required to take into account a number of matters, which include relevant law and regulations, regulators' rules, guidance and standards, codes of practice, the terms and conditions of any insurance policy and, where appropriate, what I consider to have been good industry practice at the relevant time. I'm not limited to the position a court might reach.

I've read and considered all the information provided by Mr W and Lloyds, but I'll concentrate my decision on what I think is relevant to decide the complaint. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is the right outcome.

As our investigator explained, insurers must deal with claims promptly, fairly and must not unreasonably decline a claim – as set out in the Insurance Conduct of Business Sourcebook (ICOBS). I've considered this and the Consumer Duty together with other relevant rules and guidance when determining this complaint.

Based on the chronology of events provided by Mr W and Lloyds I'm satisfied that a claim outcome decision was provided without delay. I say this because the claim was reported by Mr W on around 26 September 2024 and the decision to decline the claim was promptly communicated to him within days. Mr W's complaint and request that Lloyds revisit his claim was also promptly addressed – the final decision letter being provided on 1 October 2024.

In considering whether an insurer's decision to decline a claim was fair and reasonable, our service considers the policy documentation to ascertain the terms and conditions that apply and what they say about how claims are settled.

Mr W's policy sets out, on page 3 of the terms and conditions, that contents insurance provides cover *"if something happens to your things..."* However, not all loss or damage caused to home contents is covered by a household insurance policy. Instead, only loss or damage caused by insurable events that are listed in the policy is covered.

Having carefully considered Mr W's policy terms and conditions, I'm satisfied they clearly outline that cover is provided for loss or damage caused by specific one-off events that are listed within the policy – such as smoke, storm or flood etc.

Where a policyholder makes a claim, it's their responsibility to prove the damage was caused by an insured event. Here, Mr W initially informed Lloyds and our service that his hearing aids had likely fallen from his bedside table and inadvertently been vacuumed. However, I understand that he recently informed our investigator that vacuuming his hearing aids is unlikely because he'd have been able to see them when emptying, and disposing of, the contents of the vacuum cylinder.

The disclosure Mr W shared with our investigator is new information that Lloyds hadn't considered when it repudiated this claim. Mr W should therefore contact Lloyds directly to share what he told our investigator with it so it can assess whether this impacts on the outcome of his claim. Within this decision I've only considered what happened up to the date of Lloyds' final response letter and assessed whether its decision to repudiate Mr W's claim based on his assertion that he likely vacuumed his hearing aids is fair and reasonable.

Mr W has correctly identified that loss within the home isn't referred to as being excluded from the remit of the policy. But this is typical of most insurance policies our service sees, which don't mention that loss within the home isn't an insurable event. And, as Lloyds and our investigator informed Mr W, it isn't feasible for policies to list every cause of loss or damage that isn't covered.

Insurance policies will commonly list what's covered and circumstances where loss or damage is excluded despite being caused by an event that's covered by the policy. These exclusions can be general (applying to the whole policy) or specific to each insured event. And, having reviewed Mr W's policy with Lloyds, I can see the policy terms define in clear terms exclusion clauses that are applicable to the policy. I wouldn't expect the policy to identify that loss within the home is excluded because this isn't related to an insurable event.

I can see Lloyds considered whether it could settle Mr W's claim on the basis of loss of contents away from the home due to the contents of the vacuum cleaner having been emptied and lost outside the home. But the policy makes clear that cover for loss is only provided in relation to personal items where the loss occurred outside the home. As Mr W believes it's most likely that his hearing aids were lost at home, I'm persuaded Lloyds acted fairly in declining to settle the claim under this section of the policy as this is in line with the policy terms.

I note that Mr W has the benefit of accidental damage under his policy. I've thought about whether he's able to bring a claim under this part of his policy but I'm persuaded that a claim under that section of the policy is unlikely to succeed. I say this because accidental damage is defined as "*damage that's sudden, unexpected and not done on purpose. There needs to be a one-off specific event that caused the damage*". So, the accidental loss of a personal item within the home wouldn't be covered by this definition.

As the loss of a personal item within the home isn't one of the insured perils in Mr W's insurance policy, this means it isn't covered. And, as Mr W hasn't shown his loss occurred as a result of an insured event, I'm satisfied Lloyds' decision to decline his claim was fair and reasonable and in line with the policy terms. It didn't err in informing him that his claim wasn't covered by his policy. And this means it wouldn't be fair to require Lloyds to pay this claim.

I know Mr W will be disappointed with this decision; he feels very strongly about the issues raised in his complaint. But, I'm not upholding this complaint for the reasons already outlined. This now brings to an end what we, in trying to resolve Mr W's dispute with Lloyds, can do for him. I'm sorry we can't help Mr W any further with this

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 2 April 2025.

Julie Mitchell  
**Ombudsman**