

The complaint

Miss P is unhappy with the way Lloyds Bank General Insurance Limited is handling the settlement of a claim for work on her property.

What happened

In 2014 Miss P's property suffered fire damage and Lloyds appointed a contractor to complete repairs. A breakdown in the relationship between both parties led to a cash settlement being offered by Lloyds in 2015 which Miss P disagreed with and brought a complaint to this service.

In 2016 an ombudsman considered her complaint and instructed that Lloyds and Miss P's surveyors should agree a schedule of works and then a settlement figure could be agreed between them, following a tender process. However, Miss P has brought a further complaint to this service as she says Lloyds is forcing her to accept a settlement offer which is still too low. And Miss P says Lloyds hasn't paid the VAT which it agreed to do. She feels she should be compensated for the delays Lloyds has caused in bringing this matter to a close and for not providing her with help or guidance on specialist areas.

Our investigator looked at the complaint but didn't think Lloyds had to do anything more. She said the offer made of £70,000 excluding VAT was fair and reasonable based on the information that had been provided so far but if Miss P provided more information to Lloyds about the disputed items, such as chandeliers, mirrors and shelving, windows and driveway, this should be reviewed by the insurer. She said that Lloyds had included an amount to organise works in the offer and was paying for her surveyor, so it was paying for her to be assisted in this case.

And whilst it had clearly taken some time, our investigator didn't find that there had been excessive delays taking into account the complexity of the case – she said there had been ongoing negotiations between the two surveyors during this time.

In relation to the VAT issue, our investigator said it is usual for this to be paid once the VAT invoice is provided. But Miss P had only provided the company name and its VAT number. Our investigator said if Miss P provides invoices for the work that had already been carried out showing the VAT amount, Lloyds can pay this cost to her.

Miss P disagreed with our investigator. She said that we were going against the original ombudsman's decision which stated the tender process needed to be followed and we were allowing Lloyds to avoid doing this. She said either Lloyds agreed with her settlement figure or it follows the 2016 decision and puts this through a tender process. As no agreement could be reached the complaint was passed to me to decide.

On 15 February 2021 I issued a provisional decision. In it I said the following;

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We're an informal dispute resolution service, set up as a free alternative to the courts for consumers. In deciding this complaint I've focused on what I consider to be the heart of the matter rather than commenting on every issue or point made in turn. This isn't intended as a discourtesy to Miss P. Rather it reflects the informal nature of our service, it's remit and my role in it.

Miss P has made several complaints to this service regarding the repairs to her home. And in 2016 an ombudsman at this service decided that a new schedule of works should be drawn up for the outstanding repairs and Lloyds should reconsider its cash settlement after completing a tender process. Miss P complains that Lloyds have failed to follow this previous final decision as it has not followed the tendering process before offering its new settlement figure.

An ombudsman's decision is legally binding and as has been explained to Miss P before, if she feels that Lloyds have not complied with the requirements made in that decision then she can choose to enforce this through the courts system.

This means I cannot consider if the tender process should be used. But as the crux of the complaint now being made is that the settlement offer isn't enough, in this decision I will consider whether I think the offer made by Lloyds is fair and reasonable.

Lloyds said its offer is based on the schedule of works drawn up by Miss P's surveyor, but it excluded some items as it said the costs hadn't been substantiated. I have seen two versions of the schedule of works and I note that the costs have increased by quite a significant sum in the two versions. Miss P refers to a number of items that are in dispute such as, but not limited to, the chandeliers, windows and the repair to the driveway, stating that the cost is in the schedule, so Lloyds has this information. But I don't agree this is enough. Where a purchase is made for goods or materials then an invoice should be provided to support that cost. And especially where there has been a change in the price or a dispute over the amount. Some of the cost differences are quite high, for example the amount quoted for the drive is now four times the original price, so I don't think it is unreasonable for Lloyds to request more information such as invoices or quotes for these increased costs.

Lloyds has told us the offer included a sum of approximately £10,000 which was in addition to the items it had agreed and included a sum for Miss P to organise the works. It said this was added in order to try to bring the matter to a conclusion and to move on from the disputed items. I do appreciate the attempt to conclude the matter and I think it was reasonable for Lloyds to make that offer. However, if Miss P can provide more evidence to substantiate the disputed costs then I'm persuaded that Lloyds should review that and amend its offer accordingly. If Lloyds doesn't agree it should pay for any of these items or disagrees with the costs quoted it needs to provide a clear explanation to Miss P as to why this is the case.

In relation to the VAT payment due on this work, I'm of a similar opinion to what I have said above. In order to claim for the cost of VAT, it is necessary to provide invoices. Lloyds has said Miss P would need to provide invoices that show the claimed work broken down and the VAT incurred. Miss P argues that she was told by Lloyds that she just needed to give the VAT registration number for the contractor. I'm not persuaded this is sufficient evidence to support this cost. I'm satisfied that Lloyds hasn't done anything wrong by requesting the appropriate invoices before making this payment.

I'm aware Miss P doesn't think she has been supported by Lloyds throughout this whole process. From what I know of the background to this case I can appreciate this has been a very difficult and frustrating time for Miss P and why she feels this way about Lloyds' actions.

But Lloyds has been paying for a surveyor to help her with this settlement process, and so I'm persuaded it has enabled Miss P to obtain the independent advice needed to assist her with the negotiations. And whilst this matter has been ongoing for quite some time, it doesn't appear to have been a straightforward process, especially as a number of the items claimed are somewhat bespoke in nature. I've seen correspondence back and forth between the two sides as negotiations continued and I've also seen emails referring to delays in obtaining quotes for some items - this will have had an impact on the time this process has taken. I'm not of the opinion that Lloyds' actions have caused any additional or unnecessary delays in the handling of this matter.

When taking into account all of the above, I'm persuaded that Lloyds' settlement offer to try to conclude this matter is fair and reasonable, based on what has been made available to it so far. If Miss P can provide further evidence for those items still in dispute, then Lloyds should revisit this offer. And Miss P should provide the relevant invoices in order for Lloyds to make payment of the VAT – if Miss P is unclear about what she needs to send then Lloyds should assist her with this. As I mentioned above, this matter has been ongoing for quite some time and therefore I would urge both sides to come together to ensure this is resolved as quickly as possible.

Lloyds responded to the provisional decision to say it had no further comments. Miss P replied to say that she was very disappointed with the decision and there is evidence that the items existed prior to the fire in her property and this isn't disputed by Lloyds. She said the items in the final schedule had been agreed between both surveyors. And she thinks that Lloyds had already agreed to pay more than the £70,000 offered - without the additional sum of goodwill that is being offered. She said she believes there are gaps in Lloyds records which may be the root cause for the disputed items and elongated timeframe. She has also provided the following comments, which I have summarised:

- Lloyds has already received the required three quotes for the door, and this has been agreed by it.
- She has provided details of the building works required and the actual cost incurred, including things such as the chandelier replacement, drive and windows and other costs for skips etc.
- The builders who completed the work have provided an explanation regarding the drive replacement and the additional cost incurred. She noted that the damage to the driveway had been caused by Lloyd's initial contractors and so wasn't disputed by either party.
- The aluminium double glazing wasn't disputed but this was omitted from the costing by Lloyds.
- The building work was subject to VAT and paid - Miss P has provided documents from a building contractor which she says proves she paid this sum and has said that the VAT number was also provided to Lloyds when requested.

Miss P has then gone on to set out what she believes would be a fair outcome and what she is prepared to accept for certain items, based on her understanding of Lloyds' settlement offer.

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 thank Miss P for her additional comments. I've only provided a summary of the pertinent points above but would like to reassure her that I have considered everything that she has

said. Having taken this all into account, and whilst I appreciate this will be disappointing for Miss P, I'm not persuaded to alter my provisional outcome.

Miss P has stated that she believes the £10,000 mentioned in the provisional decision is in addition to the £70,000 offer made. In the provisional decision I stated that '*Lloyds has told us the offer included a sum of approximately £10,000...*' – so this isn't an additional amount but included in the £70,000 settlement offer. Miss P has put forward what she is prepared to accept in order to bring the complaint to a resolution, however, this appears to be on the basis that she mistakenly believed she would be receiving an additional £10,000 - which isn't the case. In the circumstances, as I thought that the offer of £70,000 was a fair and reasonable outcome and remain of this view, it wouldn't be fair to put Miss P's counter offer to Lloyds, however, if Miss P wishes to contact Lloyds directly to see if it will enter negotiations with her on this, she can do so.

Miss P has said that there are items which have been agreed by Lloyds already that take the cost over the amount offered of £70,000 – but she hasn't provided any evidence to show such agreement. As mentioned in the provisional decision, I've seen two versions of the schedule of works that were created by her surveyor and in the second one the costs have increased significantly for some items or in some cases, the items were not initially factored in. I haven't been shown any documentation which confirms that Lloyds has accepted these additional costs in the second schedule – the document, as detailed by her surveyor in an email to Lloyds, highlights those items which are in dispute or where the cost hasn't been agreed. And the costs that have been agreed on this schedule are significantly less than the £70,000 offered. So, on that basis I think the offer made is fair.

As I explained, Lloyds has said it needs to see more information for some of the amounts claimed and I think this is reasonable. If Miss P can provide more evidence to substantiate the disputed costs, she should send this to Lloyds. Lloyds then needs to review these and amend the offer if agreed or provide a clear explanation if it continues to dispute the amounts claimed. The information Miss P has recently supplied to this service will be passed over to Lloyds for it to consider and respond back to Miss P.

I'm aware that Miss P has specifically mentioned the cost for the front door and says that Lloyds has not included this cost even though she has provided the three quotes it required. She has supplied a copy of an email which shows that Lloyds' surveyor had received the quotes, but it doesn't confirm the actual cost it has agreed to pay. Lloyds now appears to be disputing the necessity of the replacement of the door, so I've arranged for this information to be sent over to Lloyds to review. If Lloyds doesn't agree to pay for this item, it needs to clearly explain why to Miss P.

Miss P has provided documentation from a building firm which she says is evidence that she has paid the VAT. It isn't clear to me if Lloyds has seen this previously, but in any event, I'm arranging for this to be passed to Lloyds for it to consider. I would ask Lloyds to review this document and either settle the appropriate amount or provide a clear explanation to Miss P as to why this is insufficient and what she needs to provide.

In her response to the provisional decision, Miss P commented about the fact she had been receiving assistance from a surveyor and asked for confirmation that his costs would still be met by Lloyds. I'm not aware that Lloyds has refused to cover these costs. As Lloyds has already accepted that it will reconsider its offer if Miss P provides the information it requires, it would seem fair to me that Lloyds continues to meet the reasonable costs for her surveyor – purely to assist in providing the information needed - until such time Lloyds provides its final position on the disputed amounts in the schedule. I'm conscious that this should not continue indefinitely and therefore Miss P needs to ensure that her surveyor acts promptly to provide the required information in order to bring the matter to a close.

My final decision

For the reasons stated above, I don't intend to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 17 June 2021.

Jenny Giles
Ombudsman