

## **The complaint**

Mr and Mrs N are unhappy that Lloyds Bank General Insurance Limited will not repair damage to their home caused by a leak under their home insurance policy.

## **What happened**

Mr and Mrs N contacted Lloyds in February 2018 when they discovered a leak from their boiler, which was causing damage to their home.

Mr and Mrs N had a home emergency policy with a different provider, and it attended their home in February 2018 to fix the leak. They contacted Lloyds at this time to also claim under their home insurance policy. It assessed their claim and agreed to repair damage that had been caused to the staircase ceiling. However, it declined their claim for damage to an external carport, which it felt was not linked to the boiler leak.

Mr and Mrs N referred a complaint to this service about the carport claim as they disagreed with Lloyds decision. An ombudsman's final decision was sent to them in July 2019.

Mr and Mrs N contacted Lloyds in September 2020 to arrange repairs to their staircase ceiling. At this time Lloyds was not willing to carry out the repairs. Instead it offered a cash payment based on the quotation for repair works Mr and Mrs N had obtained back in 2018. It said this was because Mr and Mrs N had known about the leak, and not taken action to prevent further damage. It says the property continued to suffer damage because the boiler leak had not been fixed.

Mr and Mrs N were unhappy with the cash settlement as this was far lower than a recent quote, they had obtained to repair the damage. They also felt this service contributed to delays in completing their claim with Lloyds, because of the time taken for an ombudsman's decision to be provided.

One of our investigators looked into the complaint. She found that Lloyds had acted fairly in offering a cash settlement based on the repairs assessed in 2018. The investigator says the timing of the ombudsman's decision was not the cause of the delay in Mr and Mrs N completing their claim with Lloyds. Rather this was because they had delayed making contact with Lloyds to pursue the settlement claim.

Mr and Mrs N disagreed and asked for an ombudsman to review their complaint.

The matter has been passed 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.

Having done so, I have decided not to uphold Mr and Mrs N's complaint. I appreciate this will come as a disappointment to them, but I will explain my reasoning.

Firstly, I want to be clear that the complaint issues relating to the carport were addressed in the ombudsman's decision issued by this service in July 2019. I will not be considering these issues again here.

My focus is on whether Lloyds was fair in offering a cash settlement in place of arranging repairs, and whether that payment is reasonable. I will also consider the point about the timing of the earlier ombudsman's decision delaying completion of the claims process with Lloyds.

Mr and Mrs N's policy, under the "*General Conditions*" section says:

*"You, your family and domestic staff must take every reasonable precaution to prevent or minimise any loss, damage, accident or injury. You should keep the property insured by this policy in good condition."*

Mr and Mrs N were aware of a boiler leak in February 2018. An attempt was made to resolve the problem at the time, using the home emergency cover they had in place. However, the leak continued. Mr N was aware of the situation and confirmed this in subsequent contact with Lloyds, which is noted in its call records from September 2019.

I have listened to a call recording between Mr N and Lloyds that took place at this time. During the conversation he confirms there is an ongoing leak from the boiler. Mr N also explains that he didn't want any evidence to be lost, that might support his claim for damage caused to his carport. I understand that's why further action wasn't taken to fix the leak.

The policy under, "*What we cover*", says:

*"Escape of water from any domestic appliance or any fixed domestic water installation."*

Under, "*What we don't cover*", it says:

*"The cost of repairing the domestic appliance or fixed domestic water installation itself."*

Its clear from this, the policy does not cover fixing the actual leak. Mr and Mrs N were responsible for this.

Lloyds relied on the following policy exclusion, when deciding it would not carry out repairs or cover the cost of this for any damage occurring post February 2018:

*"Uninsurable causes: Any loss or damage caused by:*

- A gradually operating cause. This is something that happens gradually over a period of time, for example corrosion, damp, condensation, decay or decomposition."*

As the boiler leak was not fixed, it is likely this continued to cause damage to the property over time. Mr and Mrs N were aware of the leak and chose not to fix it. I understand the reasons given for this. However, the policy does not cover them for repairs for ongoing damage.

When the leak was noticed in February 2018, Mr and Mrs N were covered for either a repair, to be carried out by Lloyds, or a payment to cover the cost of the repairs.

The policy booklet sets out how claims will be settled on page 20. It says, "*We have the option of giving you a money payment instead of repairing or rebuilding your home.*"

Mr and Mrs N contacted Lloyds in September 2020 to discuss their claim. At this point a leak had been ongoing for more than two years. Lloyds was not prepared to arrange for repairs to the staircase ceiling as this ongoing damage had been caused by the continuing leak. As above, this is not covered by the policy. Instead it offered a cash settlement, based on the repair cost established in 2018.

Lloyds cash settlement is for £1104.81 minus the policy excess. I understand Mr and Mrs N have been quoted a higher figure to complete repairs by a contractor they approached. I sympathise with Mr and Mrs N for the need to carry out these repairs. But I can't say that Lloyds has been unfair in relying on the policy terms when handling this claim. It's likely that further damage has now occurred, which is reflected in the higher repair quote.

Finally, Mr and Mrs N say this service delayed the time taken to complete their claim with Lloyds, because of how long it took an ombudsman to provide a final decision in their first complaint about the carport.

I don't accept this view. The decision not to uphold Mr and Mrs N's initial complaint was sent to them in July 2019. They were advised in this decision to contact Lloyds to arrange settlement of their claim for the internal damages. This wasn't followed up for some time. The settlement payment was only later arranged in September 2020.

It is also accurate to say that the boiler leak was always Mr and Mrs N's responsibility to resolve. The policy terms require action to be taken to prevent further damage or risk a claim being declined. The timing of the ombudsman's decision had no bearing on this.

Taking all of this into consideration, I think Lloyds relied on the terms of the policy, when offering a cash payment to settle Mr and Mrs N's claim, which is fair. I'm also not persuaded that the time taken to provide an ombudsman's decision has impacted in the way Mr and Mrs N suggest. So, I can't reasonably ask Lloyds to do anything more to resolve this complaint.

Mr and Mrs N can contact Lloyds to arrange payment of the settlement figure if that's what they choose to do.

### **My final decision**

For the reasons explained I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N and Mr N to accept or reject my decision before 11 October 2021.

Mike Waldron  
**Ombudsman**