

## The complaint

Mrs S complains about Lloyds Bank General Insurance Limited's handling of her claim following an escape of water, under her home contents insurance policy.

## What happened

In November 2020 Mrs S noticed damage caused by a water leak in her kitchen. She arranged for a family member who is a plumber to inspect. He found a leak with the water supply stop tap and fixed the problem. Mrs S then registered a claim with Lloyds under her home contents insurance policy. She was told to provide a letter from the plumber explaining the cause of the leak and how it had been resolved.

Mrs S provided the letter in early December 2020. After a delay she was told the letter was insufficient. Mrs S phoned Lloyds and explained the plumber didn't want his employer to know he had done work, "*on the side*". He couldn't use his employer's company headed paper to provide a report. So, Lloyds agreed for the plumber to call and explain the cause of the leak and the work he had done to fix it.

Mrs S arranged for the plumber to ring the same day. There was a further delay and Mrs S chased a response. She was told no call had been received and Lloyds needed evidence of the cause of the leak and what was done to resolve it.

Mrs S arranged for further information to be provided. She says eventually it was agreed that her claim could proceed. She was later told that she wasn't covered for the kitchen fittings or flooring under her contents policy. Mrs S explained although she was a tenant, the housing association had approved the kitchen and flooring she had installed. Lloyds asked for evidence from the housing association, which Mrs S provided.

Mrs S says she received contradicting information throughout her claim. Lloyds's claim handlers didn't read her claim notes, she was constantly having to chase progress and experienced many delays. Mrs S's claim was passed to a loss adjustor. She says he told her the claim shouldn't have been referred to a loss adjustor and she should make a complaint for the way her claim had been handled.

Mrs S says she was made aware at a late stage that her policy had a £5,000 limit, which meant cover wasn't provided for all the damage caused to her kitchen as her claim was for more than £10,000. She thought this should have been made clear at the outset.

Lloyds says the letter from the plumber wasn't on letter headed paper, meaning it wasn't sufficient to validate the claim. It says a resolution was eventually agreed that it would accept the plumber report, which was agreed in late March 2021. It was around this time it asked for confirmation from the housing association that Mrs S is responsible for the flooring and kitchen units.

Lloyds says that due to the claim value being more than £10,000 a loss adjustor was appointed. A video call was conducted at the start of June 2021. It says Mrs S was made aware of the £5,000 policy limit. It was at this time she made a complaint.

Lloyds upheld Mrs S's complaint in relation to the service she received. It says its claims handler told Mrs S in early December 2020 that, "*you do have all the relevant cover in place*". It acknowledges this wasn't accurate and gave Mrs S a misleading expectation of what she would receive. It offered an apology but says its settlement payment was calculated correctly. £5,000 is the policy limit for the permanent fixtures and fittings. Albeit the kitchen table and chairs were covered separately and a further payment of £809.99 was offered.

Mrs S didn't think this was fair and referred her complaint to our service. Our investigator upheld her complaint in part. She thought there were unnecessary delays caused by a lack of contact by Lloyds. And that Mrs S had to chase it for updates only to be told further information was needed or the information provided was inadequate. She thought Lloyds should pay £250 compensation for the inconvenience and stress it caused.

Lloyds accepted our investigators findings, but Mrs S was unhappy that the full cost of the damage wasn't covered. She says the cost of the replacement table has also increased and would like this considering. She asked for an ombudsman to review her complaint.

It 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 to uphold Mrs S's complaint in part. I'm not adding to the award our investigator already set out, which I understand will come as a disappointment. But I will explain why I think my decision is fair. I have split the complaint into the two areas of concern, which I will discuss below.

#### *Claim*

It's for the customer to prove that they have suffered an insured loss. If they can do this, then generally the insurer should pay the claim unless it can rely on a policy exclusion not to. In Mrs S's case Lloyds accepts an insured loss occurred due to an escape of water. So, I needn't consider this further.

My remit here is to consider whether Lloyds has treated Mrs S fairly in offering a settlement payment for the amount stated. I have read the policy terms to understand what cover is in place. Page 25 under "*Claims Settlement for Sections 6 and 7*", (section six relates to contents insurance) says:

*"The maximum amount your insurer will pay in respect of any one claim is:*

- £5,000 for tenant's fixture and fittings."*

Lloyds is satisfied by the letter Mrs S provided from her housing association that she is responsible for the kitchen units and flooring. So, her contents insurance provides cover for her fixtures and fittings. But the terms are clear in limiting the payment provided under this cover to £5,000.

Mrs S has supplied quotes for the repair work required to replace the flooring and kitchen. The work described will cost more than £12,000. I can understand why Mrs S is disappointed that the settlement payment is significantly short of this amount. But the terms state there is a limit in place for claims involving fixtures and fittings. I think it's clear the kitchen and flooring falls within the definition of fixtures and fittings and the limit applies here.

The settlement payment offered by Lloyds includes the replacement cost of the kitchen table and chairs damaged by the leak. These items aren't reasonably classified as fixtures and fittings, so I think it was fair for the cost of replacements to be included in the settlement payment under Mrs S's contents insurance policy.

I sympathise with Mrs S that the settlement payment she has been offered is less than the cost of replacing her kitchen and flooring. But I think Lloyds has been fair in offering the maximum payment covered by her policy.

### *Service*

We asked Lloyds to provide the call recordings of conversations between it and Mrs S regarding her claim. I have listened to these calls to understand what was discussed and how the claim progressed.

Mrs S first registered her claim at the beginning of December 2020. She was told to provide something from her plumber to confirm where the leak was coming from. Once confirmed that the leak was fixed Lloyds said it would send a contractor to have a look at the damage. From here it would advise what cover was available. During the first call with Lloyds its claim handler told Mrs S she had all the relevant cover in place.

As it turns out Mrs S didn't have all the relevant cover in place to pay for the damage claimed. It was also not made clear what information and in what format information from the plumber was required. This led to confusion and delays when Lloyds later refused to accept the plumber's letter as proof of the cause of the leak.

Lloyds says it received the plumber's letter at the beginning of January 2021. It says it responded to Mrs S to say this wasn't sufficient. Mrs S says she didn't receive this message and contacted Lloyds toward the end of January to chase progress. During this call Mrs S explains the situation that the plumber didn't want his employer to know he had done work independently.

In the call Lloyds's claim handler agrees that the plumber can call in to provide an explanation of what the cause of the leak was and what he did to rectify the problem. Mrs S was given a password to give to the plumber, and the claim handler confirmed notes had been added to the claim so it would clear why the plumber was calling, and who he was.

Mrs S called back around two weeks later. The claims handler is abrupt. He explains there are no notes to confirm what was agreed with the plumber calling in and says this isn't the usual process. Mrs S queried why she was told to arrange for the plumber to call and why she was given a password. The claims handlers says he didn't know. After more discussion he says Mrs S, can ask the plumber to call in again and provides the claim reference for him to quote.

Mrs S called Lloyds again in early March 2021. She was told the plumber was to provide certificates to prove his qualifications. Mrs S said she had spoken to the plumber and he agreed to provide certificates if he could find them. The claim handler says it was agreed for the certificates to be provided. She says if this was not available Mrs S would need to arrange for another plumber to provide a report confirming the cause of the leak and the repairs carried out to resolve it. Mrs S didn't understand how this would be possible as the leak had been fixed some time ago. She queried why no contact had been made before this to chase the missing information. The claims handler advised Lloyds was waiting for information to be sent in.

Around three weeks later Mrs S called Lloyds again. By this time the plumber had sent a copy of an identification badge to support that he is a qualified tradesman. Mrs S again queried how another plumber was supposed to provide the information Lloyds had requested. The claims handler agreed to raise a complaint. She also highlighted the need for Mrs S to obtain information from her housing association to show that she was responsible for the damaged fixtures and fittings in the kitchen. Mrs S queried why this hadn't been identified much earlier. The claims handler says when the claim was set up the claims handler must have missed that the policy was for contents cover.

Mrs S provided the necessary information from her housing association to confirm she is responsible for the flooring and kitchen fittings. I have listened to a subsequent call from around the end of May 2021. Lloyds contacted Mrs S to tell her the landlord, or owner of her property, is responsible for the fixtures and fittings. Mrs S explains she has already provided information from her housing association to show that she is responsible. The claims handler reviews the information on file whilst on the phone. She changes her mind and agrees with Mrs S that the claim should cover her fixtures and fittings.

Shortly after this a video call was arranged with a loss adjustor. Mrs S says the loss adjustor didn't understand why he was asked to look at this claim. But he confirmed the policy limit for fixtures and fittings was £5,000.

Further phone conversations took place in June 2021 where Mrs S queried why she hadn't been told much earlier that her policy had a £5,000 limit. Mrs S tells the call handler she has received no response to the complaint she made previously.

In mid-July 2021 Mrs S spoke to Lloyds again, to chase progress on the settlement payment. She was told it was waiting on the loss adjustor's report from the video call in May. Mrs S asked to make a further complaint.

Having considered all of this, I don't think Lloyds handled the claim well. Communication at the outset should've been clearer regarding what was needed from the plumber. This caused delays. Mrs S was given contradictory information several times by different call handlers. Communication should also have been clearer on the cover Mrs S's policy provided to ensure her expectations were managed.

Lloyds failed to contact Mrs S in a timely manner when it didn't receive information it needed or when this was inadequate. One call handler was particularly abrupt when responding to Mrs S's queries and concerns. This happened on two separate calls. The call handlers didn't always read the information they had on file, which caused further confusion. And Mrs S was left to chase for updates to progress her claim.

In summary I think Lloyds should've handled Mrs S's claim better than it did. This should've meant it offered a settlement payment far sooner. There were some complications initially regarding information from the plumber. But this could've been resolved more effectively. Mrs S has encountered significant delays in her claim being settled. This has understandably been a frustrating experience as well as the inconvenience and distress caused in dealing with Lloyds over many months. As well as living with the damaged kitchen units and flooring. To acknowledge this, I think it's fair for Lloyds to pay £250 compensation.

Finally, Mrs S says the replacement price for her table and chairs has now increased. She wants the settlement offer increased because of this. This was dealt with separately from the fixtures and fittings cover and so isn't affected by the £5,000 limit. Mrs S should contact Lloyds for it to consider this part of her claim further under her policy.

### **My final decision**

My final decision is that I uphold this complaint in part, Lloyds Bank General Insurance should:

- pay £250 compensation to Mrs S for the inconvenience, frustration and distress caused by Lloyd's delays and poor claim handling.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 5 April 2022.

Mike Waldron  
**Ombudsman**