

The complaint

Miss B complains that her home insurer, Society of Lloyd's (SoL), caused months of delay in dealing with her claim for fire damage to contents within her home and still hasn't settled her claim for possessions that were in her loft.

What happened

I set out the background to the complaint within my provisional decision and also here.

'Miss B took out a policy with SoL in May 2018. Miss B's home suffered a fire in November 2018, and she claimed to SoL. SoL instructed loss adjusters to deal with the damage to Miss B's home, alternative accommodation, and her contents.'

Miss B said she told SoL's loss adjuster about her possessions in the loft at their first meeting on 26 November 2018 and the loss adjuster decided it was unsafe to enter and remove them. Miss B said she still expected SoL's loss adjuster to remove and catalogue her contents once her loft was deemed safe to enter, but when that didn't happen she employed a loss assessor to assist her claim and submitted a list of her damaged contents in October 2019.

Miss B's loss assessor has provided a 'File Note' of a call with SoL's loss adjuster on 7 January 2019 in which he records, 'In respect of the Contents, all items on the first floor and the majority on the ground floor had already been removed by [loss adjuster]. However, the contents of the loft (large amount of clothing) were still in situ. I was advised by [Miss B] that this was because the Engineer had suggested the ceiling joists were unsafe (fire started in loft space). [loss adjuster] advised that once [they] received confirmation that it was safe to go up into the loft, they would re-visit to remove the items.'

SoL's loss adjuster authorised Miss B to have the contents removed on 8 July 2019: 'I am confirming I am happy to proceed with [property restoration firm] in connection with the removal of contents.' This was in response to Miss B's loss assessor's email saying, 'The contents items which remain in the loft space, will need to removal, listed (the majority are considered BER) and disposed of.' Miss B said her contents were listed by a property restoration firm she instructed with the loss adjuster's agreement and she responded to the new loss adjuster's request with as much information about the items as she could provide.

Miss B said that following months of inactivity SoL replaced these loss adjusters, but still didn't contact her about the contents. SoL's new loss adjuster visited Miss B in February 2020 and discussed her contents and Miss B said her claim was agreed. Her loss assessor said the loss adjuster said they would instruct a firm to deal with the contents, but this didn't happen, and this loss adjuster retired shortly afterwards and a further request for information followed in late March from the new loss adjuster.

The repairs to Miss B's home were completed in January 2020 and she returned home, and

SoL made an interim payment of £20,000 in respect of her contents. But she said she could not buy replacements for all her damaged contents as SoL wouldn't settle her claim. Miss B complained about the delay to SoL in March 2020 but recently confirmed that there were still no settlement proposals. She said this caused her unnecessary distress and anxiety.

SoL said its loss adjusters had not passed on Miss B's message about payments for her building and contents claim in January 2020 and payment should have been made before June 2020. SoL offered Miss B £250 compensation for its delay.

SoL said further substantiation was required before an offer for Miss B's contents could be made and in March 2020 it requested; 'a full submission, including previous accounts and costs paid'. SoL's loss adjuster said this hadn't progressed due to lack of cooperation from Miss B's loss assessor. They said they had made several requests for a full statement of what was outstanding so this could be validated. They said that after three to four months they still haven't been provided with the requested information.

Miss B wasn't happy with SoL's response and referred her complaint to our service in July 2020. Our investigator didn't recommend the complaint be upheld. He thought compensation of £250 was reasonable for the delayed payments for alternative accommodation and repairs, but that SoL weren't responsible for delay to payment for the contents claim.

Miss B didn't agree and felt the main part of her complaint hadn't been addressed - waiting for payment for her contents. She said the claim was delayed waiting for the loss adjuster to assess her contents and was still outstanding. She said the loss adjuster compiled a list of her contents and this ought to have met SoL's requirements to prove the claim.

In November 2020 our investigator concluded that SoL's compensation of £250 was fair for its delayed payment. In July 2021 the investigator considered Miss B's contents claim and said SoL had caused unnecessary delays and should pay Miss B additional compensation of £500. He said SoL should expedite settlement of Miss B's contents claim.

SoL said they were confused by differing responses to the complaint from the investigator and wanted more information about what it had done wrong. The investigator explained that even though SoL thought the claim was now resolved, it wasn't and the delay in its handling meant payment of an additional £500 compensation to Miss B was fair.

SoL disagreed saying, 'I do not see how the customer has lost out, and I do not agree with paying her a further £750'. SoL said the contents claim wasn't progressing as its loss adjuster hadn't been provided with a full list of Miss B's losses by her loss assessor. SoL requested an ombudsman review the complaint.'

My provisional findings and the parties' responses

In my provisional findings I said I intended to uphold the complaint. I said payments for the repairs of Miss B's property and alternative accommodation were delayed but SoL offered £250 compensation and apologised, which I thought was fair for these parts of the claim. Payments for utility bills, council tax and appliances appear to have been made satisfactorily.

I said it appeared that Miss B's loss assessor mentioned the contents in her loft to SoL within two months of the claim, although the details were submitted nearly a year after the fire in October 2019. Miss B said this was due to delays in their removal by SoL's loss adjusters. But it wasn't clear to me why the claim had to await removal of the contents.

Miss B said the loft contents had been left in moisture from the extinction of the fire and had grown mouldy and she had to remove them when SoL's loss adjusters failed to act. I said there was a delay in the new loss adjuster visiting Miss B or asking about the contents until February 2020, but SoL made an interim payment towards Miss B's losses in January 2020.

Miss B said she was told by the loss adjuster on the visit that further investigation of her contents claim wasn't necessary. This loss adjuster retired, and SoL appointed a third loss adjuster who requested more information about the claim in late March 2020 and Miss B responded promptly. I said Miss B's contents claim had been delayed five months by SoL.

SoL appointed a fourth loss adjuster and said many requests were made to Miss B's loss assessor for a full statement of outstanding contents, but none was forthcoming. SoL had said Miss B hadn't mentioned her clothing at the loss adjuster's initial visit or subsequently, but I said the loss assessor has shown that this was not the case.

I couldn't understand SoL's approach to Miss B's contents claim from its contradictory comments including that it is settled and concluded. I said it's clear SoL doubt the clothing and I wouldn't tell it to pay, but I needed to see if it has treated her fairly. I said SoL is entitled to investigate a claim and it's the policyholder's responsibility to prove their claim. But I've seen no serious attempt by SoL to look into Miss B's claim and I didn't think it had treated her fairly. I disagreed with SoL that the clothing wasn't brought to its attention and I said it didn't respond to the report on the contents from Miss B's property restoration firm.

I disagreed with SoL that the property restoration firm failed to log the items and disposed of them before a possible inspection. I said SoL hasn't given a coherent explanation of the reason the claim was held up or why it took five months to tell Miss B it needed further substantiation. And Miss B said she'd provided substantiation from her records and photos going back over six years.

In my view Miss B's loss assessor wasn't at fault for the problems with her claim. His File Note indicates he raised the claim with SoL's loss adjuster in a call within two months of the fire. The loss assessor said that SoL damaged his client relationship with Miss B. And said SoL's delay impacted on Miss B's ability to follow up on uninsured losses. I didn't think this was a loss I could assess but I didn't think SoL had compensated Miss B for its poor service.

SoL said it doesn't understand how Miss B lost out through its very slow handling of her claim and confused communications. I thought it obvious that delays getting to the start of a claim and more delays without progress would cause huge inconvenience and frustration. I thought SoL had lost sight of the clothing claim as multiple loss adjusters were involved. I said SoL is responsible for a very long delay in Miss B replacing her damaged possessions.

Miss B said problems with her claim have drastically affected her health and her ability to work, leading to financial loss. She said compensation of £1,000 would be fair. I said a further three months has passed since our investigator recommended SoL make progress with Miss B's contents claim with no progress. I didn't think SoL treated Miss B fairly and I agreed that £1,000 represented fair compensation for the delays and poor communications from SoL and its agents.

I also thought SoL should progress Miss B's contents claim and reach an informed decision without further delay. I said Miss B could bring a further complaint about the settlement or non-settlement of her full contents claim in light of SoL's response to this part of her claim. And Miss B could refer to the report from the property removal firm that SoL authorised her to use to remove the contents from her loft.

Miss B and her loss assessor agreed with my provisional decision. The loss assessor said SoL are recovering most of its outlay on the claim from third party insurers. He said SoL shouldn't apply a reduction to her claim for under-insurance as she won't be able to pursue the third party's insurer for her uninsured losses as it has refused to consider these.

SoL disagreed with the provisional decision. It said my reference to SoL incorrectly saying in September 2021 that a settlement has now been reached and the claim is now concluded was wrong as its loss adjusters sent the final decision on the claim on 3 February 2021, which confirmed the decision taken in October 2019.

SoL said I'd increased the compensation because of further delays in concluding the claim, and said it must be considered in full, but the claim was concluded in February 2021 and so SoL shouldn't have to do anything further. SoL said Miss B hadn't raised a further complaint about the outcome of the claim and would need to make a new complaint about its decision.

SoL's agents said there's no mention in the loss adjuster's reports of any clothing in the loft or a reserve set for this at least to August 2019. It cast doubt on Miss B's loss assessor's file note of 7 January 2019 and said there's also no record of emails the loss assessor said he'd sent. It said there's a pattern of the loss assessor saying e-mails had been sent and no trace of those e-mails and that I had accepted this at face value. The agents said Miss B only held £65,000 contents cover so she is grossly under-insured, and it doesn't make any sense.

The loss adjusters said they were first made aware of the clothing after it was collected by Miss B's agents. They said I'd conflated the term 'contents' with the clothing but references to 'contents' don't demonstrate they were aware of the clothing at an earlier time.

The loss adjusters said the compensation I had suggested isn't warranted as there were no delays. They said if I were to insist that the clothing claim at £60,000 be dealt with, then the entire contents claim would have to be re-assessed to take account of the average condition. They said that *'the alleged clothing items were stored behind a partition and would not have been visible at the initial inspection given the limited access to the loft space'*.

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 again I remain of the view that the complaint should be upheld and for the reasons I have given in my provisional decision.

Both parties have raised the potential under-insurance that could apply to Miss B's contents cover. Her loss assessor says that as SoL has recovered or will recover its outlay from third party insurers her outstanding claim shouldn't be reduced. As I have said, I am not deciding on whether Miss B's claim for her clothing should be paid, only if SoL has treated her fairly in its handling of the claim. SoL is entitled to verify the claim – it says it's already declined it – and I don't have information that would allow me to make a decision about it.

SoL acknowledges that it received details of Miss B's clothing claim in October 2019. And said they declined the clothing claim by letter of 3 February 2021, confirming the decision taken in October 2019. SoL says it hasn't addressed a complaint from Miss B about the clothing part of her claim. I think it's now open to Miss B to bring a complaint to SoL about its decision to reject her claim and she can then bring it to our service if she wishes.

I have reconsidered SoL's handling of Miss B's clothing claim here, in particular the time taken by SoL and its agents to deal with and decide upon the claim. Miss B says she mentioned her clothing to SoL's first loss adjuster in November 2018. Her loss assessor says he discussed the claim with the loss adjuster in January 2019. SoL casts doubt on the veracity of the loss assessor's record but provides no records about this call itself. I've seen the loss assessor's email to the loss adjuster of 8 July 2019 in which he refers to, '*The contents items which remain in the loft space.*' SoL's complaint note for 30 June 2020 states that the '*contents claim needs to be fully investigated and substantiated by the policyholder*'.

I can't be certain whether SoL's initial loss adjuster knew about the clothes but wouldn't inspect the loft out of health concerns, as Miss B has said, or that SoL weren't aware until some time later when Miss B sent a list of contents. Even if I accept SoL's position, there was still a delay of five months from notification before it visited with a new loss adjuster and requested further substantiation in March 2020. This was an avoidable delay. SoL then requested further information in March 2020. Miss B promptly sent information and photos of her wearing the items indicating that she wasn't responsible for the delay in dealing with her clothing claim. But in June 2020 SoL said the claim required full investigation.

SoL declined the clothing claim by letter of 3 February 2021 saying it wasn't aware of the clothing from the start of the claim or its potential value. SoL said it still wasn't aware of the '*claimed quantity of clothing*' when its loss adjuster approved the removal of the loft contents. It concluded that, '*It has not been possible to establish the existence, quantity nor quantum of the clothing items which have been disposed of*'. I disagree, SoL was certainly aware of the clothing claim at this point and missed opportunities to inspect and assess the claim.

SoL said I'd increased the compensation because of further delays in concluding the claim, but the claim concluded in February 2021 and so it shouldn't have to do anything further. I think my provisional decision is clear that the compensation I put forward isn't just because there's no progress since the investigator recommended SoL consider Miss B's clothing claim. I've said above I don't think SoL properly addressed the clothing claim and I've seen delays by SoL and its agents in the handling of the claim. These together with SoL's poor communications in my opinion justify the award of compensation I have set out again below.

I think because SoL doubted everything about Miss B's clothing claim it didn't bother to address it properly and missed opportunities for verification. I remain of the view that as there's been no serious attempt by SoL to look into Miss B's clothing claim she hasn't been treated fairly. I also remain of the view that SoL and its agents caused delays in its handling of her claim and communicated poorly. I think this was exacerbated by use of four different loss adjusters at different parts of the claim and the breakdown in continuity and progress that I can see has stemmed from this.

Putting things right

I haven't seen Miss B's medical records, but I accept her description of the mental suffering she has endured during this very long claims' process.

I think the £250 compensation SoL has already paid Miss B for delayed payments for parts of her claim is fair. SoL are incorrect to say that I'd increased the compensation because of further delays in concluding the claim from when our investigator recommended this. I also think the £1,000 compensation I suggested is fair for the impact of SoL and its agents' delays and poor communications upon Miss B during and after its response to the claim in February 2021. SoL can deduct £250 from this total if it has already been paid to Miss B.

Miss B can now bring a new complaint to SoL, and subsequently to this service, if she wishes concerning its decision to decline her claim for her clothing.

My final decision

For the reasons I have given it is my final decision that the complaint is upheld. I require Society of Lloyd's to pay Miss B further compensation of £750 for the distress and inconvenience it caused her during her claim. If it hasn't already paid her the £250 compensation it previously offered, then it should pay her £1,000.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 18 March 2022.

Andrew Fraser
Ombudsman