

The complaint

Mr and Mrs M complain about the way Society of Lloyd's (Lloyd's) settled a claim they made on their landlord's insurance policy following an escape of water.

Any reference to Lloyd's in this decision also includes its contractors.

What happened

In 2014, there was an escape of water at Mr and Mrs M's property. The claim was accepted by Lloyd's, but a complaint was later brought to this service about severe delays in the claim. This service issued a final decision in 2019 directing Lloyd's to ensure that all of the damage caused by the escape of water be rectified according to the terms of the policy.

In 2021 Mr and Mrs M made a further complaint to Lloyd's. They said whilst Lloyd's had carried out work to most of the downstairs of the property affected by the escape of water, it hadn't carried out any work to the downstairs bathroom. They felt the damage should be covered by Lloyd's. They also claimed damage to a lean to at the side of the property hadn't been done and were unhappy that paintwork at the front of the property was declined as not being related to the claim.

Lloyd's said the bathroom was in a poor state of repair, prior to the escape of water. It said any damage wasn't related to the claim, and so it isn't responsible for carrying out any repairs. It also said the redecoration of the front of the property was declined as it was down to wear and tear, and not due to the escape of water. It did however agree to cover repairs to the floor of the lean to and said it would progress matters.

Unhappy with Lloyd's response, Mr and Mrs M brought the complaint to our service. Our investigator thought it was most likely that the damage to the bathroom had been caused by the escape of water, so she recommended Lloyd's carry out reinstatement works to the bathroom. She also thought the evidence showed the paintwork on the lower half of the front of the property suggested it was linked to the water damage. She said the upper part of the render seemed to be in a better position, so Lloyd's should contribute 50% to having this redecorated. As Lloyd's had changed its position on the lean to, she didn't consider this any further.

There were other issues raised by Mr and Mrs M relating to a door and a gas certificate. Our investigator said as these concerns hadn't been raised and addressed by Lloyd's, she hadn't considered them as part of this complaint.

Lloyd's accepted our investigator's position on the redecoration of the front of the property and agreed to pay a 50% contribution. But it didn't agree to cover the reinstatement of the bathroom. It asked for an ombudsman to consider the matter, so it has been brought 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.

As our investigator set out, I'm aware Mr and Mrs M have had to raise other issues with Lloyd's which are being considered separately, so I won't comment on those as part of this decision.

In addition, as Lloyd's and Mr and Mrs M have accepted the position relating to the redecoration works at the front of the property and the lean to, this decision will only focus on whether Lloyd's should also be responsible for reinstating the bathroom as part of the claim.

From what I can see, Lloyd's never inspected the bathroom after the escape of water in 2014, so there's no evidence from the time of the claim to support whether the damage was caused by an insured event or not. It seems accepted that Lloyd's should have done more in 2014 to determine the extent of the damage, and a previous final decision issued by this service awarded Mr and Mrs M compensation for that delay and the impact it had on Mr and Mrs M. There was also a report carried out in November 2017, the findings of which were:

"Regrettably, insufficient evidence was gathered to determine whether or not the damp proof course had already failed at the time of the initial notification of the claim."

So I'm not satisfied Lloyd's can evidence that the current problems with the bathroom aren't linked to the 2014 claim.

There have been several reports commissioned by Lloyd's since 2017. So I've reviewed these to see what inspection or comments were made on the damage to the bathroom. In doing so, I haven't found any evidence which states the damage to the bathroom was most likely not as a result of the initial escape of water.

I have seen a report from Lloyd's dated June 2017 which states:

"We toured the ground floor, and on all walls bar the lounge partitions there are damp symptoms, with blistered paintwork crumbling plasterwork and in the bathroom tiles have debonded. Timber skirtings were also rotting and deteriorating. We took moisture content readings throughout the ground floor, and the low level walls, bar the lounge partitions, all have high readings."

Given this report mentions the bathroom, I'm satisfied it is included. And there are no conclusions to this report which suggests any of the damage reported shouldn't be covered by Lloyd's. It is also clear from other reports that the kitchen suffered substantial damage. The bathroom and kitchen share a partition wall. Lloyd's has accepted the kitchen has been severely affected by the flood. So on balance, I'm not persuaded by Lloyd's' comments that any damage to the bathroom couldn't have also been caused by the escape of water.

In 2021, Mr and Mrs M had this bathroom stripped out as they were concerned there was damage, and the wall between the bathroom and kitchen was found to be wet. This is supported by the photographs provided by Mr and Mrs M. I accept they haven't provided an expert report showing this is linked to the original claim. But given what is set out above regarding the state of the other downstairs walls, I think it's more likely the damp in the bathroom is also connected to the escape of water and hadn't been properly rectified by Lloyd's.

It seems to me that the evidence Lloyd's has sought to rely on in 2021 to decline the claim relates to some tiles being missing from the bathroom. Lloyd's says this damage wouldn't have been caused by the escape of water, as there is evidence the wall where the tiles attach had been replastered at some point. But none of Lloyd's experts comment on the wall being wet, and why they're not persuaded the damp issues in the bathroom can't be linked to the claim.

So whilst there is little evidence on either side to definitively say what caused the current damage to the bathroom, I'm more persuaded that the damage is linked to the original claim, and so should be covered by Lloyd's.

Mr and Mrs M have asked whether Lloyd's can carry out the work to the downstairs bathroom as well as some other work (unrelated to the claim) to an upstairs bathroom, for which they will pay. Given the work needed to the upstairs bathroom doesn't seem to be linked to the claim, I can't require Lloyd's to agree to this. But it seems to me a fair way to resolve this part of the complaint is for Lloyd's to carry out the necessary reinstatement works to the bathroom.

My final decision

My final decision is that Society of Lloyd's should carry out the necessary reinstatement works to the downstairs bathroom. It should also pay 50% towards the redecoration costs at the front of the property and carry out the agreed works to the lean to.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 3 May 2022.

Michelle Henderson
Ombudsman