

The complaint

Mr and Mrs D have complained about their home insurer Lloyds Bank General Insurance Limited. They feel it, amongst other things, has delayed settlement of their claim for water damage.

What happened

Mr and Mrs D's home suffered a water leak in March 2019. There were some delays in the early stages of the claim and Mr and Mrs D were unhappy that Lloyds didn't offer them alternative accommodation. When Mr and Mrs D complained, my ombudsman colleague issued a decision on their complaint which covered the period up until August 2019.

The claim continued though and in June 2020 Lloyds said it would settle for the building repairs in cash. Even issuing a final response in this respect. However, it revised that decision in August 2020, agreeing to re-appoint contractors to finish the work. But Lloyds then revised that decision and reverted to offering cash. A settlement offer was made in January 2021. Lloyds said it was up to it to decide how to settle the claim and the settlement offer of £5,063.52 was based on its cost to repair. It said though that if Mr and Mrs D sent it estimates for repair it would consider those. Its final response on this point was issued on 15 February 2021, and following that, Mrs D sent it an estimate.

Mrs D's estimate was for £10,150. When Mr and Mrs D complained to us, our investigator forwarded the estimate to Lloyds. It said it would offer £6,250 in settlement – but as it hadn't seen the estimate before the final response was issued, it wouldn't allow us to look at the value of the offer as part of this complaint. It sent Mr and Mrs D a cheque for £6,250.

Mr and Mrs D reported that various items were damaged during the leak and Lloyds took some items away for assessment. It felt most of the items claimed for, including the fridge-freezer, weren't damaged by the leak. But some of these items were accidentally disposed of. Lloyds did make some payment to Mr and Mrs D for some items, but overall they remained unhappy.

It was noted by Mr and Mrs D that Lloyds had previously indicated it would reimburse their food costs for a period during which they had been unable to cook. They provided receipts. Lloyds said it had some concerns about the receipts but would pay for them anyway – but not until this service had issued a decision on this aspect.

Mr and Mrs D were also unhappy about the length of time everything had gone on for. They explained they hadn't been able to do repairs and this was affecting their life and health. They said meetings had been arranged twice by Lloyds where its representative hadn't attended. Mr and Mrs D said contact from Lloyds had been poor and this had added to their upset.

Our investigator felt Lloyds should make various payments to Mr and Mrs D, including the amount for food costs. She also felt it had delayed in assessing a damaged mobile phone. So she felt it should pay £100 for upset caused by this. But she didn't recommend that Lloyds pay anything for other reportedly damaged items.

Mr and Mrs D maintained that their items were damaged in the leak. Their complaint was passed to me for an ombudsman's consideration.

I felt it should be upheld. But my views differed to those of our investigator. So I issued a provisional decision to explain my thoughts to both parties. My findings were:

"settlement"

I'm not going to look at the value of the settlement. As Lloyds has said, the estimate was only sent to it after a final response had been issued in February 2021 (following its first revised cash settlement offer being made in January 2021). Lloyds has since settled the claim based on that estimate, having made what it seems to feel are reasonable adjustments to its total. If Mr and Mrs D have concerns about that value, they'll have to address those with Lloyds in the first instance.

But I am going to look at what happened during a specific period in the run up to the January 2021 offer being made. That period is August 2020 until January 2021.

Prior to August 2020, Lloyds had been looking to settle the claim in cash. And it issued a final response in this respect in June 2020. Mr and Mrs D didn't complain to us within six months of that response letter. So I can't review what happened before then, or whether that decision by Lloyds, at that time, was fair and reasonable. But in August 2020 Lloyds agreed to revert to completing the work at Mr and Mrs D's home. So its position as set out in the June 2020 final response had changed. Which means I can then look at what happened in respect of its revised claim position.

Lloyds made the decision to complete work in late August 2021, and it was a few weeks before a site visit could be arranged. I don't think that's wholly unreasonable. But following the visit the contractors refused to be further involved with repairs and it was late January 2021 before a revised cash settlement offer was made. I think that was too long. That offer should have been made, I think, by the end of October 2020 at the latest. I'll take that into account when considering compensation below.

fridge-freezer

I know Mr and Mrs D feel this was working fine before the leak, but not so well after. But I've seen that Lloyds did a safety check on all kitchen appliances and assessed the problem with the fridge-freezer. Lloyds concluded that it hadn't been damaged by the leak. I understand the issue with it is that the freezer is over-iced and the fridge is getting iced up too. These aren't problems I'd associate with water damage. And, just because the fridge-freezer was in the area under where the water came through the ceiling, doesn't mean it was most likely damaged by the water. Without persuasive expert evidence showing this problem was caused by the leak, I can't reasonably say Lloyds was wrong for declining liability for this item.

cooker, hob and microwave

Mr and Mrs D feel these were damaged during the leak. But Lloyds' agent checked them and said they weren't suffering water damage. That's not to say they are working perfectly – but rather that the issues they have haven't been caused by the leak. For example, Lloyds' agent explained the hob is off-set from the area where water came through the ceiling, and whilst some burners aren't working, some are. The agent felt that was to do with spark plugs for those burners. The items were all also safety tested and passed. I can't reasonably ignore this evidence. Nor could I reasonably have expected Lloyds to, in favour of accepting

Mr and Mrs D's position that these items are damaged and need replacing due to the leak. I think its decline of liability was fair and reasonable.

ipad and printer

Lloyds paid Mr and Mrs D £629.53 to replace an ipad and £133.41 for the printer, less the policy excess of £500. Seemingly Lloyds accidentally disposed of the ipad and accepted the printer was damaged beyond repair by the leak. I think its payment in these respects was reasonable.

laptop

Lloyds said this wasn't damaged by the leak – in fact its report shows it was working, albeit that the battery needed replacing. But it disposed of it accidentally. It said though that its salvage value was only around £100, so it would pay £200 as a goodwill gesture for it being disposed of.

I'm not sure why the laptop has been dealt with differently by Lloyds to the ipad. But, in any event, I don't think Lloyds offer of paying £200 for the laptop based on its salvage value is reasonable. Prior to Lloyds taking the item for assessment Mr and Mrs D had a laptop which worked, and due to Lloyds disposing of the item, they now do not have a laptop at all. It stands to reason that Lloyds should replace or pay to replace the item with the same or a reasonably equivalent model.

iphone

My colleague issued a decision previously which looked at the claim activity which occurred until August 2019. So I can't look at what happened before that. But, in August 2019, assessment of the iphone was still outstanding. It wasn't collected for assessment by Lloyds until December 2020.

In January 2021, Lloyds declined the claim for the phone. Seemingly a mistake of some sort had occurred as the wrong phone was sent to Lloyds by Mr and Mrs D, and that phone hadn't been damaged in the leak. So I think Lloyds' decision to not repair or replace the phone was reasonable. If Mr and Mrs D still have the phone which they initially reported as damaged and want Lloyds to assess it, they should get in touch with Lloyds.

But even though Lloyds knew in January 2021 it wasn't settling for the phone, it didn't return the phone to Mr and Mrs D at that time. And I think it should have done. It seems it wasn't returned due to an internal breakdown in communication. Lloyds finally returned the phone to Mr and Mrs D on 2 October 2021.

So Lloyds delayed collecting the phone between August 2019 and December 2020, and then unreasonably held on to it between February 2021 and October 2021. I don't doubt these delays caused frustration and upset for Mr and Mrs D. I'll take that into account when considering compensation.

food

Lloyds has accepted that it was difficult for Mr and Mrs D to cook for a time when the leak first occurred, and said it would reimburse their food receipts submitted via our investigator. I understand that the dates on the receipts are wrong – pre-dating the leak – but that this has been verified as an 'administrative error' by the food business. And I note that Lloyds is prepared to accept that explanation and reimburse the costs. I think that's reasonable. The receipts total £55.75, so I'll award that sum to Mr and Mrs D. But, on this occasion, I'm not

going to award interest. Lloyds hasn't offered to pay interest and for me to award it, I'd have to be satisfied it unreasonably delayed considering the issue, and I'm not. Mr and Mrs D knew Lloyds, in the event of costs being incurred, would want to see receipts evidencing their outlay. But they told our investigator that they hadn't sent the receipts to Lloyds because Lloyds hadn't specifically requested they do so. In the circumstances, I don't think it would be fair to award interest.

compensation

I think aspects of this claim have been unreasonably delayed at times; namely the first revised settlement offer and the collection and return of the iPhone. I don't think though that avoiding these delays would have resolved the claim any sooner. I think it would have continued to be disputed. I'm also mindful, regarding the repair settlement, that, later on, once Lloyds had considered Mr and Mrs D's estimate and made its further revised settlement offer, they were reluctant to accept it. They felt it would cause Lloyds to decline the rest of their complaint. So I can't be sure, if Lloyds had made that further revised offer earlier (because its initially revised offer had been made when it should have been in October 2020), that Mr and Mrs D would have taken it and progressed the building repairs.

So I'm not minded to award them compensation for the upset they've been caused because the claim and repairs have remained outstanding. But I will make an award in respect of the frustration I accept they were caused because of the delays. And I think a fair sum for that is £200.

That is in addition to the £25 Lloyds paid to Mr and Mrs D because its agent missed an appointment. I know Mr and Mrs D say he missed two appointments. But I haven't seen that he was meant to attend on another occasion between June 2020 and February 2021.

I know Mr and Mrs D say the agent communicated poorly with them. And I've seen that the agent has explained to Lloyds that he can't always answer calls but that he did respond to communication from them in a timely manner. I think it can be frustrating sometimes for a policyholder who wants to move a claim on but can't speak to the agent in charge of their claim. However, I accept that direct contact isn't always possible, and I haven't seen here that Lloyds ignored their contact.

Mrs D has reported that another agent of Lloyds was rude to her family whilst she wasn't there, and that when she said she was on her way home, that agent wouldn't wait for her return. Lloyds however say the agent was there to assess appliances and didn't need to speak to Mrs D and the agent says he wasn't rude. Whilst I understand Mrs D's perception of the incident, I can't reasonably say the agent should have waited to speak to her. And without any independent witnesses to the interaction that occurred before Mrs D got home, I can't know whether the agent acted inappropriately.

Mrs D said she also thinks she is being treated differently on account of her ethnicity. Lloyds has said this is not the case. I haven't seen anything that makes me think Lloyds has discriminated against Mrs D.

Overall, as explained above, I think Lloyds did fail Mr and Mrs D at times. I'm satisfied that £200 compensation is fairly and reasonably due."

Lloyds said it agreed with my decision. Mrs D explained that she still had concerns. In summary she said:

- She hasn't spent the settlement Lloyds paid her yet as she wants it to do the repairs.

- The family needs to be re-housed whilst work is undertaken and Lloyds said it would think about that but only if she provided it with medical evidence which she would have to pay for.
- No-one checked the fridge-freezer, cooker and microwave, it's obvious to her these were damaged by the water and there are photos which show them covered in water. She feels we should ask to see these.
- She hasn't been reimbursed for her costs evidenced by the food receipts.

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 know Mrs D wants Lloyds to do the work. But Lloyds is entitled to settle the claim in cash.

My colleague, in his previous decision, considered the alternative accommodation situation and said it was reasonable for Lloyds to ask for evidence of the family's medical conditions in order for it to consider further whether it should pay for alternative accommodation. He clarified in that decision that Lloyds had agreed to reimburse the cost of obtaining the medical evidence if the evidence persuaded it to offer settlement to Mr and Mrs D for alternative accommodation. I can't change, or add to, my colleague's findings.

I've seen evidence which shows Lloyds checked the appliances. I know our investigator asked Lloyds for photos from the time of the loss, which I understand Mrs D believes will show the items covered in water, but these weren't provided. But seeing photos of items covered in water wouldn't satisfy me that the items were damaged by the water. Electrical items can come into contact with water and dry out with no ill effects. And AXA has determined that the problems that exist with Mrs D's appliances are not the result of water damage. I'm not persuaded AXA should pay to repair or replace the fridge-freezer, cooker, hob or microwave.

Whilst Lloyds agreed to reimburse Mrs D's food costs, that was agreed to during the course of our complaint. Now I am issuing a final decision our complaint process is at an end. If Mr and Mrs D accept my final decision, within the response period given, Lloyds will be bound to comply with it, including paying Mr and Mrs D the money for the food costs.

Putting things right

I require Lloyds to:

- Replace, or pay Mr and Mrs D so they can replace, the laptop with the same or a reasonably equivalent model.
- Pay them £55.75 as reimbursement of food costs.
- Pay them £200 compensation.

My final decision

I uphold this complaint. I require Lloyds Bank General Insurance Limited to provide the redress set out above at "*putting things right*".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D and Mr D to accept or reject my decision before 15 July 2022.

Fiona Robinson

Ombudsman