

The complaint

Mr B and Mrs H complain about how Lloyds Bank General Insurance Limited (Lloyds) handled a claim they made on their home insurance policy.

Reference to Lloyds includes its agents.

What happened

Mr B and Mrs H hold a home insurance policy with Lloyds. After an escape of water, they made a claim for the damage caused.

Their complaint relates to that claim. They've said Lloyds took far too long to authorise the repairs and that they were given conflicting unhelpful advice throughout. They've also said that they've incurred increased costs due to Lloyd's delay to authorise the work.

At the point the complaint came to us, the repair work still hadn't been authorised. But since it's been here, the work has since been given authorisation. This authorisation includes the increased cost of quotes.

Lloyds originally offered £400 compensation but has since increased its offer to £1,000 in total.

Our investigator thought Lloyds revised offer was fair. They thought it reasonably reflected the distress and inconvenience caused by Lloyds handling of the claim. But they thought Lloyds wasn't responsible for the increased costs relating to rooms unaffected by the escape of water that Mr B and Mrs H were claiming for.

Mr B and Mrs H disagreed and asked for an ombudsman's decision.

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'm not upholding it. I'm satisfied that Lloyds didn't handle this claim in a manner that Mr B and Mrs H could have reasonably expected it to. But I'm also satisfied its offer to put things right is fair and reasonable. I understand this won't be the answer Mr B and Mrs H were hoping for. I'll explain my reasoning.

- Any claim is likely to cause a level of distress and inconvenience. Especially one that damages your home. I've considered the increased distress and inconvenience by Lloyds, beyond what could reasonably be expected during a routine handling of a claim.
- It's not in dispute that Lloyds handled this claim poorly. It caused unreasonable delays. Its communication was poor. It didn't pass on important reports and updates to Mr B and Mrs H. This would have undoubtedly added to the distress and

inconvenience caused by the escape of water and the routine handling of an insurance claim.

- Lloyds appointed an assessor which incorrectly valued Mr B's and Mrs H's contents and damaged more of Mr B's and Mrs H's property. That assessor was ultimately replaced but this too caused delays, distress and inconvenience.
- In dealing with the claim, Lloyds needed to replace items and property damaged by the escape of water. It doesn't need to replace items not affected by that escape.
- Mr B and Mrs H chose to carry out work to other parts of the house unaffected by the escape of water. This was to keep the house looking coordinated throughout. This is a completely understandable decision to make, but this was their choice, and it's not something Lloyds are responsible for.
- Mr B and Mrs H aren't claiming for the cost to carry out this work, but they are claiming for the increase in the quotes from when they were original quoted for the work, to when they were able to complete it.
- I don't find it reasonable to hold Lloyds responsible for this increase. Because, ultimately the work isn't needed as part of the claim. I appreciate it couldn't be completed earlier, and the delay has been caused by Lloyds. But it's not essential work, and it wasn't caused by the escape of water Lloyds. Therefore, I don't find Lloyds responsible for the increase in cost.
- I'm satisfied the total offer of compensation of £1,000 is reasonable to recognise the distress and inconvenience caused by the delays, miscommunication and overall poor handling of this claim.
- If not done so already, Lloyds should pay Mr B and Mrs H the additional £600 compensation, to take the total amount paid to £1,000. If it's already paid this, it need pay no more.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs H to accept or reject my decision before 25 August 2022.

Joe Thornley
Ombudsman