

The complaint

Mrs V complains about Lloyds Bank General Insurance Limited (LGI) and the way they've handled her home insurance claim as well as the settlement offer they've made.

What happened

Mrs V held a home insurance policy, underwritten by LGI. Unfortunately, in March 2022, there was a fire at Mrs V's home. So, she contacted LGI to make a claim.

LGI instructed a claims consultant, who I'll refer to as "P", to manage the claim on their behalf. And alongside this, they instructed an industry expert, who I'll refer to as "X", to attend Mrs V's home and compile a report to set a schedule of works.

But Mrs V was unhappy with the way P managed her claim. LGI addressed this complaint, asking P to set a new point of contact as well as offering Mrs V £50. Mrs V accepted this, and this complaint was closed. LGI also addressed a second complaint about delays in the claim process around this time, with another £350 being paid.

But Mrs V remained unhappy, and she felt a games console had been stolen from her home by X while they were completing the necessary cleaning works. So, she reported this to the police and X left Mrs V's home without completing the works they intended. And after this, Mrs V challenged the work LGI had agreed for X to complete, as well as the way they intended to settle her claim. LGI and Mrs V were unable to come to an agreement and so, Mrs V raised a complaint.

Mrs V was unhappy with how long the claim had been ongoing without a conclusion. She explained how this had impacted her health and the stress it had caused. Mrs V also complained about the settlement offer LGI had put forward, raising particular concerns about the work proposed to her kitchen and the upstairs bed frames and carpets. So, she wanted her claim to be paid in full, with replacements where she felt necessary and documented in the independent report she obtained.

LGI responded to the complaint and upheld it in part. They agreed there had been delays during the claim and that X's initial report, and schedule of work, seemed to have certain items missing. So, they offered to pay Mrs V £700 to recognise the impact this had caused. But LGI explained that, for them to consider an increase in settlement, they would need to complete another inspection to consider the damage to the kitchen and Mrs V's concerns about the upstairs bed's and carpets, alongside additional items that Mrs V wanted to be included in her payment. And without being able to do so, they thought their current settlement offer was fair.

LGI also explained exactly what Mrs V's policy provided cover for, and that replacement of sets was an optional extra that hadn't been taken. They also explained that when considering a settlement, they acted in line with the policy when calculating this alongside discounts that were available to them through their suppliers and approved contractors. Mrs V remained unhappy with this response and so, she referred her complaint to us.

Our investigator looked into the complaint and didn't uphold it. They recognised it had been accepted by LGI that there had been delays and communication breakdowns during the claim. But they thought the total offer of £1,100 made by LGI was a fair one to recognise these and the impact they created. And while they recognised Mrs V remained unhappy with the settlement, and the works that she felt needed completing, they thought LGI were fair to ask for another inspection to be carried out so they could consider Mrs V's requests. And as Mrs V had refused this inspection, they didn't think LGI were unreasonable when not considering any further costs at this time.

Mrs V didn't agree. She thought it was clear X's report contained several mistakes and so, she didn't think LGI were fair to rely on this when calculating her settlement. And she didn't think she was being unreasonable when refusing another inspection by X, considering the criminal matter relating to the theft of her child's games console. Our investigator commented on this, explaining X were the industry expert LGI used and so, without a further inspection, they didn't think LGI were unfair to support their current settlement offer. Mrs V remained unhappy, so her complaint has been passed to me for a 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 think the compensation offer made by LGI is a reasonable one that fairly addresses the complaints Mrs V has raised. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on Mrs V. I don't doubt the disruption and upset Mrs V would've been caused by the fire in her home. It's not disputed that it's caused significant damage to her property and led to her needing to be rehoused in alternative accommodation while certain works were completed. I recognise Mrs V has children and needing to navigate this significant disruption with children to provide for would no doubt have been stressful and upsetting and I appreciate the impact it's had on Mrs V's mental health.

It's not in dispute that there have been avoidable delays during the claim process. And it's not in dispute that the initial report and schedule of works X compiled missed certain items, which led to a breakdown in communication between Mrs V and LGI's appointed claims handler, P. As these aspects of the complaint aren't in dispute, I don't intend to discuss them further. Instead, I will reflect and comment upon these when I think about what LGI have offered to put them right.

Instead, my decision focuses on the main points that remain in dispute. And from what I've seen, these centre around LGI's settlement offer currently put to Mrs V. Before I explain why I've reached the decision I have, I think it'd be useful for me to explain what my role is, and what I'm able to consider. It is not my role to re-underwrite the claim, as I don't have the expertise to do so. So, it's not my role to speculate on how I think the claim should be settled or what I think should be included with the settlement offer.

Instead, it's my role to consider the settlement offer LGI have put forward and crucially, how they've arrived at this offer, to decide whether I think they have acted fairly and reasonably. And having done so, I think they have.

I can see that LGI's current total settlement offer, for both the Building and Contents aspect of the claim, comes to just over £50,000 less the excess applicable to Mrs V's policy. This

offer includes payments for a variety of items and other services and I don't intend to discuss them all. Instead, I've focused on the disputes that remain outstanding. So, while I do recognise Mrs V raised concerns about the mattresses and clothing for example, I can see replacements for these are included within the settlement offer provided. And so, I won't be commenting on them specifically.

The terms of the policy Mrs V held also makes it clear that LGI are able to calculate any settlement offer based on the discounts and agreements they have in place with suppliers and so, I think they were fair to do this.

From what I can see, the main areas of dispute revolve around the kitchen and the carpets and bed frames upstairs. Mrs V thinks the entire kitchen should be replaced, due to the damage and the smell that continues to be present. But I can see LGI dispute this at the moment, explaining they haven't been given the opportunity to inspect the kitchen to agree a full schedule of works.

While I appreciate Mrs V wanted the entire kitchen to be replaced, and I appreciate her reasons why, I note from the policy she holds that she didn't take out the replacement of sets cover, which was an optional extra on the policy. So, the policy she holds doesn't cover her for a replacement of undamaged parts. This means that, if parts of the kitchen are undamaged by the fire, then LGI aren't required to replace these. And I'd be unable to direct them to do so, or say they acted unfairly when declining to do so, if a report states only part of the kitchen is damaged.

I can see in the original report compiled by X that a full replacement of the kitchen wasn't recommended. And that instead, certain damaged sections should be replaced. So, I wouldn't expect LGI to agree to a full kitchen replacement based on this. I appreciate Mrs V disagreed, and she's provided an independent report which suggests the kitchen may need to be fully replaced. But crucially, this report doesn't say it definitively should. And where Mrs V has provided a report that differs to the one compiled by X, I think LGI are fair to ask that they complete another full inspection of the area, so they can fairly take into consideration Mrs V's concerns and requests.

I can see LGI have offered to complete this investigation. But Mrs V has refused, as LGI wish to use X again. While I recognise Mrs V feels employees of X may have stolen a games console, this is a criminal matter and not one I'm able to comment or speculate on. So, I can't say this did or didn't happen. But what I can see is that LGI have confirmed a different team from X would be sent to complete the inspection, and I think this shows LGI acting fairly to alleviate Mrs V's concerns. While I understand why Mrs V wants LGI to appoint another expert, LGI have confirmed X is the only expert they use. And it's not my role to comment upon their business processes or who they decide to use to complete work on their behalf. So, I can't say this stance is unfair from LGI.

Because of this, I think LGI have given Mrs V the opportunity for them to consider an increase in settlement, on the basis that Mrs V allows them to complete an inspection and determine the extent of the damage. I think this is reasonable and so, I can't say the settlement offer they've provided is unfair regarding the costs to repair the kitchen.

I've then turned to the carpets and fabric bed frames. Mrs V feels they should be replaced. But LGI doesn't, referring to the initial report X compiled. I can see X recommended these be cleaned and so, I think LGI were fair to rely on the expert opinion at the time. But I do acknowledge Mrs V provided her own independent report. And so, I've thought about what information this included.

While the report did seem to suggest a replacement would be the necessary option, crucially

the report Mrs V has provided explains that they couldn't guarantee cleaning would fully restore either the carpet or the bed frames. But they didn't say it definitively wouldn't. And in the quote compiled for Mrs V, it goes on to provide costings for the cleaning of the carpets, rather than the replacement. I also note that the quote itself didn't provide a breakdown of each service recommended.

So, I don't think this report is enough to suggest LGI were unfair not to agree to replacements following their receipt of it. And as there is no breakdown of costs, I don't think LGI were unfair to pay Mrs V £400 to undertake the cleaning aspect of the work, based on their own estimates. I can see LGI have agreed to reconsider all the additional costs and work Mrs V has requested within a new inspection and I think this shows LGI acting fairly. So, I don't think I can say the settlement offer LGI have provided so far is unfair considering this issue.

And I think it follows for the rest of Mrs V's concerns, for example the replacement of the downstairs light fittings she feels have discoloured, that LGI have agreed to reconsider these costs as part of a new investigation. And so far, LGI have been unable to arrange for a new inspection due to the stance taken by Mrs V. So, while this stance remains the same, I don't think I can say LGI have acted unfairly regarding this.

I'm aware Mrs V has already expressed her unhappiness about LGI's failure to pay for the drone stored within the property. But the terms of the policy she holds makes it clear that "aircrafts of any type, including models such as drones" are not covered under her contents insurance. So, I don't think LGI have acted unfairly when not covering this aspect of the claim.

And I'm aware Mrs V thinks LGI should pay her for her replacement Satellite TV equipment. But the fire damaged equipment is the property of the satellite TV company, and not Mrs V's. Mrs V paid a monthly fee for the use of this equipment but she didn't own it outright. So, I don't think these items are coverable under the insurance policy and so, I don't think LGI have acted unfairly when not including these within the settlement she's been provided.

But as I explained above, LGI have accepted their failures regarding the delays and the breakdown in communication and so, I've thought about what I think LGI should do to put things right considering this.

Putting things right

I can see LGI already paid Mrs G £400 in response to two earlier complaints about the breakdown in communication with B, and the delay in paying alternative food costs. And in LGI's most recent complaint response, they've offered Mrs V a further £700 to recognise the delay in providing her with a settlement, due to communication issues between themselves, Mrs V, P and X. Mrs V to date hasn't accepted this offer.

So, LGI have offered Mrs V a total of £1,100 to recognise their failures and the impact this has caused Mrs V. And I think this offer is a fair one, which falls in line with what I would've recommended had it not already been put forward.

I think the significance of the amount adequately recognises Mrs V's individual circumstances which saw her needing alternative accommodation with her children. And I think it recognises the failures LGI and their agents have made which have elongated the claim process and left Mrs V in a situation that, presently, remains unresolved. But I think it also fairly considers LGI's attempts to provide Mrs V with a fair and reasonable settlement

offer, based on the information they have available to them, without being able to complete another inspection to take into consideration Mrs V's ongoing concerns. This in part has resulted in the claim delay and so, I don't think LGI are responsible for all the delays and the fact the claim remains unsettled at this present time.

So, as LGI are yet to pay Mrs V £700 of this compensatory amount, I think they should pay this to her. And then it is up to Mrs V to decide whether she wishes to accept the settlement amount currently on offer, or whether she is willing to work with LGI to arrange another inspection so her outstanding concerns regarding the amount can be considered.

My final decision

For the reasons outlined above, as the £700 offered to Mrs V has yet to be paid, I uphold Mrs V's complaint about Lloyds Bank General Insurance Limited and I direct them to take the following action:

- Pay Mrs V £700 as outlined in their complaint response to recognise the delays and communication issues during the claim process.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms V to accept or reject my decision before 27 December 2022.

Josh Haskey
Ombudsman