

## **The complaint**

Mr A has complained about the service and settlement he received from Lloyds Bank General Insurance Limited (Lloyds) following a fire damage claim he made on his contents insurance policy.

## **What happened**

Mr A made a claim on his contents insurance policy following a fire. There is a dispute over the amount Lloyds has paid in settlement of this claim. Mr A says numerous items haven't been included in Lloyds' calculations and that the values placed on certain items are too low.

Mr A also disputes Lloyds' decision not to cover costs he incurred for alternative accommodation. He also says he carried out significant renovations to his flat including installing a new kitchen and bathroom suite. He wants Lloyds to cover these elements under the 'tenant's improvements' cover included in his policy.

Lloyds says its settlement has been based on a detailed inventory taken by its loss adjuster. It says many of the costs submitted by Mr A were overstated, and that items on his inventory were duplicated. It says Mr A hasn't been able to sufficiently substantiate many of the additional items he is seeking to claim for.

Lloyds agrees Mr A's property was rendered uninhabitable by the fire. But it says Mr A was immediately moved into another property by his local authority. So, in those circumstances, it says no payment for alternative accommodation is due.

Lloyds says no claim for 'tenant's improvement' has been made by Mr A. But it accepts this cover was in place, subject to a £5,000 limit.

One of our investigators considered Mr A's complaint, but he didn't think it should be upheld. He said neither side had provided detailed evidence supporting the costs for the items damaged by the fire. But he noted the onus was on Mr A to substantiate his loss. So, in the circumstances he concluded the amount paid by Lloyds was fair.

Our investigator agreed that no payment toward alternative accommodation was warranted as Mr A wasn't without somewhere to live, or incurring additional accommodation costs, as a result of the claim. And he said Lloyds was correct to say that the 'tenant's improvement' cover had a limit of £5,000.

Mr A didn't accept our investigator's opinion. So, as no agreement has been reached, the complaint was passed to me to decide.

I was minded to reach a slightly different outcome to that reached by our investigator, so I issued a provisional decision setting out my thoughts, and allowing the parties the opportunity to reply before I reached a final decision. Here's what I said in my provisional decision:

### ***“What I’ve provisionally 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 considered the available evidence and arguments, I’m minded to reach a slightly different outcome to that reached by our investigator. I’ll explain why addressing each issue in turn.*

#### **Alternative accommodation**

*Given that Mr A’s alternative accommodation was being supplied and funded by his local authority I don’t consider that he has suffered a loss as a result of the claim. So, in these circumstances I don’t think Lloyds needs to make any payment under Mr A’s alternative accommodation cover.*

#### **The contents claim**

*Lloyds appointed loss adjuster completed a detailed loss report including taking photographs and videos of the damage caused by the fire. The loss adjuster pulled together an inventory of damaged contents based on its report and a list supplied by Mr A.*

*Mr A is unhappy that Lloyds asked him to provide a cost for each item, then reduced the costs he provided. But I wouldn’t expect Lloyds to simply pay Mr A the amount he estimated each item was worth. It’s reasonable that Lloyds would conduct its own investigations to verify the costs quoted by Mr A.*

*Lloyds has explained why the value of certain items was reduced. For example, the costs for a fridge-freezer, washing machine and hoover were reduced following online searches which confirmed the same items were available for a cheaper price than quoted. Mr A’s policy covers him for replacement of the damaged items, rather than the original amount they were purchased for. So, I consider Lloyds approach here was fair and reasonable.*

*There were also many items included on Mr A’s list where Lloyds says the values appeared high. For example, a shirt which Mr A suggested was worth £1,350 or several pictures he says were worth several hundred pounds each. Lloyds has explained that when a claim appears overstated, or a value placed on an item appears high, it would request additional supporting evidence to help it validate the claim. But in this case, Mr A hasn’t been able to provide any further supporting evidence, so Lloyds has reduced the amounts it’s prepared to pay toward these items.*

*As our investigator highlighted, it’s ultimately the policyholder’s responsibility to substantiate their loss. So, as Mr A hasn’t been able to supply any additional evidence to support the costs he placed on various items, I consider the approach taken by Lloyds to be fair and reasonable. I haven’t seen anything from Mr A which would lead me to conclude that the £25,000 settlement paid by Lloyds was insufficient to cover the items included on the loss adjuster’s inventory.*

*Mr A has also argued that numerous items weren't included in the loss adjuster's inventory. He says various items were stolen from the property following the fire. Lloyds has advised that Mr A would need to raise a separate theft claim for any items he believes were stolen. I appreciate Mr A doesn't wish to raise a separate theft claim. But I think Lloyds is correct to say that a separate claim would need to be raised. This is because there would be a clearly separate cause of loss – theft as opposed to fire damage. So, I'll not comment further on the items Mr A says have been stolen.*

*Mr A has also provided numerous photos of items he says were damaged by the fire, but not included in the loss adjuster's inventory. Lloyds has suggested that these items were not in the property at the time of the inventory, and that many of the items (particularly the clothing) appear undamaged in the photos provided. And I agree. The photos I've seen, in isolation, don't persuade me that the items were most likely damaged beyond economical repair in the fire at Mr A's property. So, I'm not intending to direct Lloyds to increase the settlement based solely on the pictures Mr A has provided.*

*Mr A has pointed out that the inventory doesn't include his food items, carpets, curtains or many of his light fittings which were damaged in the fire. From what I've seen, some lighting and food items were included in the inventory. If Mr A is suggesting other food items or light fittings were damaged, he should provide any supporting evidence he has to Lloyds for consideration. And should a further dispute arise from this, it can be dealt with under a separate complaint. But, based on what I've currently seen, I'm not minded to conclude that the food or light fittings have been missed from the inventory or settlement. So, I'll not be recommending an increase in the settlement based on these items.*

*That said, I can see from the loss adjuster's report that there were carpets and curtains in situ which appear to have been damaged by the fire. These items aren't included in the inventory and I haven't seen any explanation from Lloyds as to why it feels these items shouldn't be covered. So, unless Lloyds' response to this provisional decision persuades me it was reasonable for these items to be excluded from the settlement, I'm intending to direct Lloyds to cover the damaged curtains and carpets.*

#### Tenant's improvements

*Mr A has said he carried out roughly £20,000 worth of improvements to his flat, including installing a new kitchen and bathroom suite. These were damaged by the fire and Mr A wants Lloyds to cover his losses.*

*Lloyds says it's not clear whether Mr A has actually made a claim for these items. But it has acknowledged that Mr A does have tenant's improvements cover, subject to a £5,000 policy limit.*

*The policy booklet explains this cover as:*

*"We will pay for loss of or damage to fixed items of decoration and home improvements you make as a tenant, if caused by an event covered under contents covers 1-11 and accidental damage if you have the contents – optional accidental damage cover.*

*By 'tenants' improvements' we mean those improvements to your home you have provided and which are not the responsibility of your landlord – for example, shed, greenhouse, fitted kitchen, bathroom suite, laminate flooring. The most we will pay for any one event is £5,000."*

*As Lloyds says it hasn't considered a claim under the tenant's improvement cover, then the outcome of that (future) claim cannot form part of this (current) complaint. But I think Lloyds should consider Mr A's claim for fire damage to the parts of the flat covered under the tenant's improvement section in line with the policy terms. Should Mr A be unhappy with Lloyds' decision on this claim – once it is reached – he's free to raise a complaint with Lloyds. And should Mr A remain unhappy following this potential future complaint, he can refer that complaint to our service, subject to our normal rules.*

*I accept Lloyds hasn't yet considered Mr A's claim for tenants' improvements. But I think it reasonably ought to have done so by now. I say this because I think it was clear from the figures Mr A set out in emails to Lloyds in November 2021 that he wanted to claim for damage which could potentially fall under the tenants' improvements part of his policy.*

*By not considering Mr A's claim for tenant's improvements sooner, I think Lloyds has caused an unreasonable delay and that Mr A has suffered some distress and inconvenience as a result of this. So, in addition to amending the settlement to include the carpets and curtains which appear to have been omitted, I'm also intending to direct Lloyds to pay Mr A £200 compensation for its error here."*

Lloyds responded to my provisional decision and said it broadly accepted my findings. Lloyds said it was prepared to consider a settlement for the damaged carpets and to reassess any remaining tenants' improvements (which was separate from my intended award). It also agreed the £200 compensation was reasonable. However, Lloyds highlighted that the curtains had already been included in the cash settlement and had been captured on the loss adjuster's inventory as "blinds".

Mr A also responded to my provisional decision. He provided a large number of documents, photos and emails which he said were evidence of missed items of contents from the settlement. He also provided information from his local authority which he said showed he has been asked to pay back money for the alternative accommodation he received. So, he said Lloyds should cover the alternative accommodation costs he's now being asked to repay.

### **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've also carefully considered the responses to my provisional decision. Having done so, my conclusions remain unchanged. I'll explain why in more detail below, along with what this means for Mr A's claim moving forward.

### The curtains

In my provisional decision I said Lloyds' settlement had omitted the curtains from the settlement. Lloyds highlighted that the curtains were included in the loss adjuster's inventory as 'blinds' and so were included in the settlement paid to Mr A.

So, my decision on what is fair in respect of the curtains (that they should be included in the settlement) remains unchanged. But as Lloyds has already paid a settlement for them (albeit listed as blinds), there is nothing further for Lloyds to do in relation to this item.

### The carpets and tenants' improvements

Lloyds has agreed to cover the damaged carpets, subject to evidence they were owned by Mr A. But as I understand it, Mr A would have been required to provide the carpet for his flat, as local authorities do not supply this. So, I think Lloyds ought to cover the fire damaged carpets without requiring specific proof of ownership from Mr A. That said, Mr A should provide any supporting evidence he has available in order to help Lloyds calculate a fair settlement.

Lloyds has also agreed to consider any further tenants' improvements which Mr A can evidence he carried out, subject to the policy limit. I think this offer is fair.

Should a disagreement arise about the offer(s) of settlement, which is or are eventually made, that would need to be dealt with separately as a new complaint, and with Lloyds in the first instance. If Mr A were to remain unhappy following that, he could refer that complaint to our service, subject to our normal rules.

### Alternative accommodation

Mr A provided screenshots of a text message conversation and a letter from his local authority which explained he was being asked to repay around £5,000 for funds he received toward housing.

I put this new information to Lloyds for its comments. Lloyds said it would be prepared to reconsider Mr A's claim for alternative accommodation. However, it highlighted that the evidence provided by Mr A said he was being asked to repay housing costs from the period March 2020 to July 2021. And this claim wasn't made until July 2021. So, based on the evidence Mr A has provided to this point, Lloyds said its position is unchanged because the evidence doesn't show that Mr A incurred costs for the alternative accommodation he was placed in following the fire.

I think Lloyds offer to reconsider this element of Mr A's claim, subject to evidence that Mr A has incurred costs for the alternative accommodation, is fair and reasonable. But as it stands, I agree that the evidence available doesn't show that Mr A has incurred any costs for the alternative accommodation he was placed in during the period of the claim. So, I'll not be directing Lloyds to take any further action at this stage. But should Mr A provide further relevant evidence, I would expect Lloyds to consider it, in line with the offer it has made to do so.

### The contents claim

Mr A has provided a significant number of emails and photos, in response to my provisional decision. I had already seen the majority of this information prior to reaching my provisional findings. So, these duplicate documents haven't changed my conclusions. I explained in my provisional decision that the photos Mr A provided, in isolation, did not persuade me that the items were damaged beyond repair in the fire at Mr A's home. And my decision here remains the same.

I say this because the photos of clothing are primarily of items which appear to be undamaged and/or which only show a small portion of the clothing which is again undamaged. And the photos of items within cupboards seem to show minor smoke/soot marks on containers, boxes or items. But they don't persuade me that these items were damaged by the fire or smoke, or that they were in need of repair or replacement.

Mr A also listed several other items he felt were missed from the settlement, such as ceiling lights and chandeliers, a cooker extractor, a standing lamp, a coffee table and a sofa.

I can confirm that the sofa, lamp and coffee table all appear to have been captured on the loss adjuster's inventory and so included in the settlement already paid. The ceiling lights/chandeliers and extractor don't appear to have been included. But I've not seen any persuasive evidence that these required repair or replacement as a result of the fire. So, I don't think it would be reasonable to direct Lloyds to cover these items in these circumstances. But I would expect Lloyds to consider these items further should Mr A have additional evidence to support that these items were damaged by the fire.

Mr A has said he had numerous LED items that were damaged in the fire. But he says he doesn't have any photos of these. In the absence of evidence that Mr A owned these items, and that they were damaged by the fire, I wouldn't expect Lloyds to consider these.

Mr A did provide several photos of a wall mounted LED fireplace which he says was missed from the settlement. I couldn't see that the fireplace had been included in the inventory of items, so I put this to Lloyds and asked for its comments.

Lloyds explained that this item had initially been captured on the inventory as a disco light. Mr A later clarified that it was the fireplace and said its value was around £2,700. But he wasn't able to supply any supporting evidence to verify its stated value. Lloyds identified similar items available from well-known retailers for around £200. So, in the absence of additional evidence about the value from Mr A, Lloyds included £200 for the fireplace in the settlement.

I've had a look online myself and can see that there are several wall mounted LED fireplaces available for around £200. And I haven't seen any supporting evidence from Mr A to suggest that his fireplace cost the amount he has claimed for, or more than the £200 Lloyds has paid. So, based on the available information, I don't think it would be reasonable to conclude that Lloyds has acted unfairly in the way it has settled the LED fireplace, or the other items of contents Mr A has argued were missed.

Taking everything into account, I'll not be directing Lloyds to increase the settlement it paid for the contents – aside from the award for the carpet mentioned in the above section.

## **My final decision**

For the reasons above, and in my provisional decision, I uphold Mr A's complaint in part. Lloyds Bank General Insurance Limited must:

- Amend the settlement to include cover for the fire damaged carpet.
- Subject to Mr A providing Lloyds further evidence, consider Mr A's claim for tenant's improvements, in line with the offer it has made.
- Pay £200 compensation for the distress and inconvenience it caused Mr A by failing to consider his tenant's improvement claim sooner.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 10 January 2023.

Adam Golding  
**Ombudsman**