

The complaint

Miss W has complained about the way in which Lloyds Bank General Insurance Limited ('Lloyds') handled her claim under her home insurance policy following water damage to her home.

For the avoidance of doubt, the term 'Lloyds' includes its agents, claims consultants and contractors in this decision letter. 'Miss W' includes submissions made by her representative on her behalf.

What happened

Miss W unfortunately suffered significant damage to her property in August 2021 following an escape of water from a hot-water feed pipe in the first-floor bathroom of her home. Water leaked through the kitchen, lounge and hallway ceilings and water was left standing on the floor. Examples of the necessary work were removal of ceilings to allow drying and provision of replacement flooring and cladding and decoration throughout. Miss W contacted Lloyds and the claims process commenced. It took eight months for the works to be carried out and Miss W was unhappy with aspects of the work. She felt that certain matters still hadn't been resolved, particularly settlement for damage to antique doors and stair carpet.

Miss W was also unhappy about delays, a poor service, poor standards of work and further damage she said had been caused to her property. She was unhappy that Lloyds had declined to pay all the electric bills at her property during the relevant period. She was also unhappy with what she considered to be Lloyds' last-minute arrangement of alternative accommodation. She also said that she'd suffered from back pain as a result of having to sit on a sun-lounger rather than her own furniture for a number of months and had to take time off work as a result. She said that this had all caused a great deal of stress.

Miss W complained about these matters to Lloyds, however Lloyds considered that it had acted fairly and reasonably in settling her claim. It said it had also paid a total of £750 compensation which included an amount for distress and inconvenience caused by the delays and service issues. As a result, Miss W brought her complaint to this service.

The investigator who looked into the matter thought that Lloyds had resolved most issues, however, she did think that there were outstanding points. The investigator therefore partly upheld Miss W's complaint although she didn't think that Lloyds needed to pay further compensation. She did think that Lloyds still needed to resolve the carpet claim. She thought that Miss W needed to provide further evidence regarding her back condition and its cause, and also regarding her claim that Lloyds had caused damage to antique doors.

Miss W remains unhappy with the outcome of her complaint. The matter has therefore been referred to me to make a final decision in my role as Ombudsman.

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.

The key issue for me to determine is whether Lloyds applied the terms of the relevant home insurance policy and generally handled Miss W's claim in a fair and reasonable manner. I consider that it has done so in most respects, however I uphold Miss W's complaint in relation to the carpet damage. I therefore uphold Miss W's complaint in relation to this particular aspect. I'll explain my reasons for this decision.

I've carefully considered the submissions and evidence of the parties and turn firstly to Miss W's submissions. In summary, she said that none of Lloyds' responses met her satisfaction and that Lloyds had known about issues for a long time but hadn't attended to them. Miss W was adamant that a number of antique doors in the house, which were an original feature of the house, had been damaged by Lloyds' contractors. She said they had marks, scores and gouges in them. She provided photographs and said that they illustrated this point. She thought it was obvious that all these marks were recent. She also said that the door frames were warped and that the doors didn't close properly. In the circumstances, she wanted replacement doors and *'all these doors would need to be individually constructed by a skilled craftsman in order to match the current ones.'*

In terms of the reimbursement for the gas and electricity used, Miss W thought that the amount reimbursed wasn't sufficient. She said that to give an idea of consumption, over 1300 kWh of gas was used in March 2022 alone, whilst gas and electricity was used throughout the works project, and she didn't think she should be responsible for paying this. She estimated that this was *'several hundreds over the course of the works.'*

As to the stair carpet, she said *'... it had thick mud and spilled paint and plaster all the way from top to bottom, this was a brand new 100% woollen carpet fitted less than a year before this'*. Miss W said that Lloyds had expected her to return to her house when it was filthy and said that she and her representative *'were being treated like animals at this stage.'* She said that specialist cleaners did manage to make the house habitable, but even though they specialised in carpet cleaning they couldn't get the marks out of the carpet. She was still waiting to hear about a figure for the carpet having contacted the relevant company a number of times.

In terms of alternative accommodation, Miss W had initially thought that the works would be starting within a month or so and therefore opted not to be rehoused until the works started. She felt 'tricked' however, as the works didn't start for over five months, Miss W said that she, her representative and her cats had to endure living in one room, in a damp and mouldy environment with a single sun recliner to sit on *'as the leather sofas in the living room were deemed unfit to use due to the water damage.'* As a consequence, she said she now had severe back problems. She also referred to having to live in a damp house without heating when the boiler broke down in December 2021 due to water damage.

Miss W didn't believe that it would have been difficult for Lloyds to find accommodation for herself and three cats and there were dozens of examples which were pet friendly in the local area. Miss W said she was told by Lloyds that that the absolute limit for accommodation costs for the duration of the works had to be under £1,500. She'd therefore worried about exceeding this limit. She also thought that Lloyds had organised unsuitable accommodation for her in terms of location. Miss W said that she'd been placed in accommodation which she really liked at one stage, but because the works took so long, this caused problems and she had to vacate. She described further problems and none of these were due to having cats. Miss W said that *'on 3 occasions we were almost on the street'*.

Miss W said that none of the outstanding 'snagging works' had been carried out and Lloyds hadn't been in touch about sorting them out as it said that it was the contractor's

responsibility to reimburse Miss W. She said she knew at the outset that Lloyds and its contractor would blame each other as to who should fix items or compensate her.

Finally, Miss W acknowledged that various sums had been received in settlement for various aspects of her claim. However, she felt she should receive further compensation for the stress, mental anguish and *'the physical ailments'* that the ordeal had caused. She considered that she'd been treated with *'utmost disrespect'*, and she didn't consider that the total compensation of £750 came close to the amount which she thought should be paid. She considered that the whole episode had caused her significant health issues and that Lloyds' representative *'has tried to ruin our lives!'* She referenced *'ineptitude, lack of professionalism and couldn't care less attitude.'*

I now turn to Lloyds' submissions regarding this case. It acknowledged that the claim had taken a long time to resolve. It said the works weren't completed sooner due to service issues from contractor involvement. However, it thought that each time a complaint was raised by Miss W's representative, it had reacted promptly and offered suitable assistance within the parameters allowed by the policy. It considered the overall compensation for service shortfalls and delays of £750 to be reasonable.

It rejected certain complaint points. It said that it hadn't been made aware that Miss W had been relying on a sun lounger and it hadn't therefore had the opportunity to make provision for this. It said that there was no evidence to suggest the doors and frames had been damaged by contractors, especially when some related to rooms *'where they did not enter.'* It said that reimbursement for additional utility costs had been offered throughout the claim, but it said it was unable to pay the bills in full as some costs would have been incurred in any event had no loss event taken place, so wouldn't be covered as part of the claim.

Lloyds accepted that there was evidence that the carpet had been damaged and unlikely to be successfully cleaned and it said that its carpet supplier had been appointed to replace the carpet. However, it didn't explain why this matter hadn't been progressed since then.

It accepted that alternative accommodation had been arranged at short notice and said that part of the compensation figure recognised distress caused in this respect. It referred to the difficulties in arranging accommodation when the timescale for works wasn't known and where *'housing pets restricts the available options.'* Lloyds didn't agree that Miss W would have been made homeless and said that, if necessary, a hotel would have been provided. Its case-notes showed that in late-November 2022, Miss W had said that she was going to need accommodation whilst the works proceeded *'as previous plans have fell through.'* She therefore asked about the process and made it clear that she would need; *'to find accommodation that would house 3 cats and myself.'*

As to a rental limit of £1,500, it explained to Miss W's representative that the £1500 referred to *'was in relation to the monthly costs and was a guide figure.'* It explained however there was no set figure as it was dependent on each customer's individual needs, and also what was available on the market. It said *'If you can send me details once you have found somewhere you think would be suitable and I will review'*. It also said; *'Re alternative accommodation when I spoke with [Miss W] she confirmed that the house was habitable and that she was able to stay there...'*

Lloyds considered it had made a generous offer regarding damage to the kitchen, but accepted there were workmanship issues, comprising of outstanding work to a ceiling, beading and a light. It considered that as Miss W wished to arrange for a new kitchen to be fitted, it had been necessary for Miss W to decide if she wished to proceed with this, so it knew how to approach these issues. It said that the dialogue was then opened as to whether a cash offer could be made and considered this resolved.

As to written evidence, Lloyds produced a number of reports which has been provided by its contractors. It also produced two separate final response letters. In the first, it explained it had paid Miss W £200 to apologise for the delays she'd encountered and accepted that there had been an unfair delay of three months. In its second final response letter about further areas of concern raised by Miss W, Lloyds accepted that there had been certain service issues and delays, however it declined Miss W's claim regarding the doors and energy bills. As to the service issues and delays, Lloyds paid £550 to *'make up for the inconvenience and upset that has been caused.'* It appreciated that there had been times where the arrangement of the accommodation had been left late and said it had taken this into consideration when calculating the compensation offered.

Having considered the parties submissions, I now turn to the reasoning for my final decision. I have a great deal of sympathy for Miss W, bearing in mind what she has been through. The original incident and the damage caused will have been extremely distressing. The damage was significant and, due to the amount of work needed to restore the property to its pre-incident condition, this was likely to cause considerable inconvenience. It also meant that Miss W had to live away from home. The claims validation process, engagement of contractors, alternative accommodation and negotiation of a settlement will also have caused distress and anxiety. Unfortunately, some stress and inconvenience are inevitable consequences of such an incident due to the significant and complex nature of both the damage and claim. The issue to be determined however, is whether Lloyds' handling of Miss W's claim added to that stress and inconvenience and if so, whether it adequately recognised and compensated for any failings.

Lloyds has accepted that they didn't get everything right and that the work took much longer than it should have done. I agree that eight months to get the substantive work completed wasn't fair or reasonable, even bearing in mind any additional difficulties in sourcing labour and materials during the pandemic. I note that Lloyds stated that their compensation figure was intended to include an amount relating to these delays.

I've noted that at the end of May 2022, Lloyds had listed the remaining 'snagging items' as beading, the doors, carpet, kitchen ceiling and garden edging. Miss W's representative accepted this and said *'Yes, that seems to be all the snagging issues that we can think of at the moment, in fact I'm pretty sure that's everything'*. Of these items, it now appears that the doors and carpet are the key remaining issues for Miss W. I've noted from the case notes that Miss W and her representative had lengthy discussions with Lloyds as to whether Lloyds would carry out work to the kitchen or whether they preferred to receive a cash settlement instead. It appears that a negotiated settlement was ultimately reached on this element.

As to settlement of any additional gas and electricity charges, I note that Miss didn't consider that Lloyds adequately recompensed her for the amount of energy used when her property was being dried out and when workers were at her property. In the absence of persuasive evidence to show the amount of energy typically used by Miss W prior to the incident, I'm unfortunately unable to say that the settlement reached by Lloyds for this aspect was unfair or unreasonable.

I've also noted from the case notes that Miss W made it clear in autumn 2021 that she was intending to stay in her mother's house while her mother was away until December 2021, however this fell through. The issues in relation to alternative accommodation therefore arose in December. Having read the case notes, I can see that making arrangements for alternative accommodation hadn't been easy. I can appreciate the additional stress which would have been caused to Miss W, in not knowing whether and to where she would next be moving. I note that Lloyds was engaged in detailed discussions to try to arrange this

accommodation. I also note that at one stage towards the end of the works, the possibility of hotel accommodation was discussed. I can't say that all of the difficulties can be attributed to a lack of diligence by Lloyds in this important matter. I do however agree with Miss W that the service wasn't entirely fair and reasonable in terms of some arrangements being made at very short notice.

When it was accepted that Miss W could find her own accommodation, she said that she was told the absolute limit for accommodation per month was £1,500 per month. I note however that in early December 2021 Lloyds had made it clear that this wasn't the case, and it further explained its approach.

As to the antique doors, I agree with the investigator that Miss W would need to supply further evidence such as photographic evidence of the doors before the work took place, in order to support the argument that damage had been caused by Lloyds' contractors. Miss W has made the point that the doors are antique 1920's doors. However, the photographs appear to show relatively minor damage and I can't conclude that this is recent damage. Bearing in mind the age of the doors and, without such additional evidence, I consider that on the balance of probabilities this damage has been caused by wear and tear over very many years. It's also unlikely that five doors would all have been damaged during this one project and I don't uphold this element of Miss W's complaint.

As to Miss W's severe back pain, I appreciate that this will be most distressing. Miss W considered that this was as a result of having to use a sun-lounger for many months. Again, unfortunately for Miss W I can't uphold this element of Miss W's complaint. I'm satisfied that as Lloyds weren't notified of this at the relevant time and couldn't reasonably have been aware of it, or being notified of any concerns, it wasn't in a position to provide any remedy. I can't therefore say that there was a causal link between the back pain and anything that Lloyds did do or didn't do in this respect. Finally, having read the very detailed case-notes which record Lloyds' contacts with Miss W, contractors and letting agents, I've seen no evidence of *'ineptitude, lack of professionalism and couldn't care less attitude'* by Lloyds' representative or evidence that Miss W was treated with disrespect.

Unfortunately for Miss W, I consider that the vast majority of her ordeal would have been experienced however efficiently the claim and work had been carried out by Lloyds. However, there are some elements for which I don't consider Miss W received a fair and reasonable service. Having said this, I note that Lloyds had recognised these service failings and delays. In all the circumstances, I consider that £750 compensation was a fair and reasonable amount to recognise the additional distress and inconvenience caused by Lloyds' handling of the claim. This is within the range of compensation which we would consider to be reasonable under our guidance for the type of distress and inconvenience caused and the length of time for which these issues continued.

In conclusion, I partly uphold Miss W's complaint in relation to the carpet element of her complaint. The carpet appears not to have been replaced or alternatively a cash settlement for it appears not to have been made by Lloyds. In all other respects, I don't require Lloyds to do anything else in response to the remainder of Miss W's complaint.

My final decision

For the reasons given above, I partly uphold Miss W's complaint and require Lloyds Bank General Insurance Limited to: -

- Promptly settle Miss W's claim for damage to her carpet, such settlement to be made within 28 days of acceptance of this Final Decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 17 March 2023.

Claire Jones
Ombudsman