

## The complaint

Ms A has complained about delays and the settlement she received from Lloyds Bank General Insurance Limited trading as Halifax(Lloyds) when she made a claim under her home and buildings insurance policy.

## What happened

Ms A made an escape of water claim to Lloyds in July 2022. She complained to Lloyds about the delays it caused in progressing her claim. Ms A didn't accept the offer Lloyds made for the costs to replace damaged wall tiles to closely match the undamaged wall tiles in her kitchen. She said the replacement tiles offered were not a close match. She'd asked the contractor to work privately for her to tile the undamaged wall at the same time as tiling the damaged wall, but they didn't agree.

Ms A said the contractors drilled through the wall causing damage to her lounge. She confirmed the contractor said they would repair this.

In November 2022 Lloyds replied to Ms A's complaint. It upheld it in part. It agreed it had caused some delays and paid Ms A £175 compensation for the distress and inconvenience caused.

As the original wall tiles were no longer available to buy, Lloyds provided Ms A with a choice of shopping sites where she could purchase closely matching tiles for less per square metre than the amount Lloyds was settling her claim for. So it said it had acted fairly here. It said the tiles Ms A wanted were a different shape and colour to her existing tiles on both the damaged and undamaged wall and it was under no obligation to cover this.

Lloyds said the contractor is only obliged to carry out works agreed with Lloyds - so any additional work is a matter between Ms A and the contractor.

Ms A remained unhappy and asked us to look at her complaint. Our Investigator thought that although Lloyds' policy said it wouldn't provide 'matching sets' cover, it wasn't fair that Ms A had a 'loss of match' which would have been visible due to the size of the area. So she recommended Lloyds contribute 50% toward the costs to replace the undamaged tiles to match in line with our approach.

Ms A accepted the Investigator's view. Lloyds didn't agree. It provided photos of the existing wall tiles for Ms A's kitchen. This shows the existing tiles were a standard square tile in a white/off white colour. It says there are several sites where Ms A can buy a similar tile - it doesn't have to provide an exact replacement - and the tiles Ms A intends to replace her kitchen with on the damaged wall are a different colour and a rectangular shape. This means the tiles Ms A wants to replace the damaged wall with will not match the undamaged wall and Lloyds is not obliged to meet the costs to cover this. Both of the replacement tile options Lloyds found online were for less than £15 per square metre. It has offered Ms A £20 per square metre. The tiles Ms A wants are over £30 per square metre and not a close match.

Lloyds has provided the relevant policy wording to support its actions. At renewal in 2018 it explained to its customers that it was removing 'matching sets' cover from the policy unless a customer had upgraded cover, which Ms A didn't choose. It says Ms A called to discuss

her renewal in 2018 and it asked if she wanted to review the level of cover she had, which Ms A replied 'no'.

It therefore says it has treated Ms A fairly and in line with other customers - who have chosen to pay an additional premium in order to have 'matching sets' cover.

So Lloyds wants an ombudsman to decide.

### **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.

We often see situations where an insurer can't replace an item with an exact match because it's no longer made. This means it would need to be replaced with the nearest equivalent.

Consumer's often feel that their insurance policy should cover the cost of replacing the whole set when this happens, so they may not be happy with being offered a replacement that isn't an exact match. Before the damage, they had a fully matching set – and now they don't. That might not seem fair to the consumer.

Ms A's policy with Lloyds - like most insurance policies - specifically covers damaged items only. I appreciate that Lloyds provides the option for consumers to pay more to have 'matching sets' cover. So it might also seem unfair to expect the insurer to pay for items that haven't been damaged. But we think a compromise is the fair and pragmatic way forward.

Where the insurer will replace the damaged item only but it no longer matches the rest of the set, the consumer suffers a 'loss of match'. We usually take the view that the consumer should be paid compensation to reflect that loss. We generally say that fair compensation is 50% of the cost of replacing the undamaged parts of the set.

I understand that Ms A didn't choose to pay for upgraded cover for Lloyds to provide a matching set in the event of a claim. So I don't think Lloyds should meet the full costs to replace undamaged wall tiles - as well as damaged wall tiles.

I've considered the ombudsman decision Lloyds has provided for another case. We look at each case on its own merits. In line with our approach - and given the size of the area needing replacement - I think a fair outcome is for Lloyds to meet 50% of the equivalent costs for replacement wall tiles to match the damaged wall tiles as otherwise Ms A would be left with a noticeable difference in match which doesn't put Ms A back in the position she would have been in before the loss.

I think the amount Lloyds has offered of £20 per square metre is fair. I don't think it is responsible for paying extra for the tiles Ms A wants as this is over and above its liability under the claim. I think it's fair and reasonable for Ms A to pay the difference in the cost for the updated tiles she wants to have to replace the entire kitchen walls.

Lloyds paid Ms A £175 compensation for the distress and inconvenience caused by its delays in appointing a contractor to carry out strip out works and providing a drying certificate. It also failed to acknowledge or reply to an email from Ms A in October 2022. I think this amount is fair and in line with what we would award in similar circumstances.

I understand why Ms A was frustrated at not being able to agree with the contractor to carry out private works while carrying out claim related works in her kitchen. But as the contractor works for Lloyds, I can't comment on their decision here. It isn't something I can criticise Lloyds for.

Lloyds has confirmed that once the kitchen works are completed, the contractor will put right the damage to the adjoining room from drilling into the kitchen wall. I think this is reasonable.

## **My final decision**

My final decision is that I uphold this complaint in part. I require Lloyds Bank General Insurance Limited trading as Halifax-to do the following:

- Pay Ms A 50% of the equivalent costs to replace undamaged wall tiles in the kitchen to closely match the damaged wall tiles - in addition to the cash settlement it has offered for the damaged wall tiles.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 5 April 2023.

Geraldine Newbold  
**Ombudsman**