

## **The complaint**

Mr C and Miss H have complained about the way in which Lloyds Bank General Insurance Limited ('Lloyds') has handled a claim under their home insurance policy. For the avoidance of doubt, the term 'Lloyds' includes its representatives, loss adjusters and agents in this decision.

## **What happened**

In September 2021, Mr C and Miss H made a claim to Lloyds for accidental damage to several household items which they said had occurred when moving the items around the house following a house-move in July 2021. The items included a computer and television. By May 2022, their claim still hadn't been determined. They considered that there had been unreasonable delays by Lloyds in processing their claim and wanted cash settlement for their damaged items as they'd already replaced them at their own cost due to the delays. Lloyds disagreed that there had been unreasonable delays.

A previous related complaint had been upheld by this service and the investigator had issued a view in February 2022, recommending that Lloyds deal with the claim in accordance with the policy terms and conditions, without requiring further details of a removal company used by Mr C and Miss H. It recommended that if Lloyds ultimately upheld the claim, then it should add 8% interest to any cash settlement. Finally, the view recommended £200 compensation for the trouble and upset caused by the delays. Following this view, Lloyds proposed settlement for certain items and requested that it collect and inspect the computer and television in accordance with the policy.

Mr C and Miss H thought that Lloyds were employing unreasonable measures to delay the claim by insisting upon a physical inspection of items and thought that Lloyds should have inspected the items at the outset. In any event, they said that the loss adjuster had already taken photographs of the items. Mr C and Miss H were happy for Lloyds to collect the items, but only after a cash settlement had been paid. Lloyds said that it was standard and necessary procedure to collect and inspect electrical items. Mr C and Miss H remained unhappy and wanted Lloyds to pay a cash settlement for the computer and television without further inspection, and so reverted to our service.

The relevant investigator didn't uphold Mr C and Miss H's second complaint. Whilst she agreed that insurers should handle claims promptly and fairly, insurance policies didn't cover every eventuality. She said that the onus was on the customer to show that an insured event had taken place and that insurers needed to assess whether damage was covered and if so, to decide how best to settle. She noted that Lloyds' loss adjuster wasn't qualified to assess

the damage and that Lloyds wished to instruct an independent expert. This was not only to assess damage and assess repairability, but also to value any items for cash settlement or replacement as appropriate. The investigator noted that Mr C and Miss H hadn't agreed to the items being collected and inspected and said she couldn't therefore hold Lloyds wholly responsible for all delays.

The investigator clarified that any further delays which related to a period after Lloyds' final response to the complaint (dated June 2022) would have to be the subject of a separate complaint, final response letter and investigation as appropriate.

Mr C and Miss H remained unhappy with the outcome of their complaint and the matter was therefore referred to me to make a final decision in my role as Ombudsman. On 31 March 2023, I issued a provisional decision for this complaint and explained why I was minded to uphold the complaint as follows; -

*'The key issue for me to determine is whether Lloyds has applied the terms and conditions of the relevant policy in a fair and reasonable manner. I don't consider that it has done so in all respects, and I'll explain why.'*

*Mr C and Miss H considered that Lloyds had reneged on its responsibilities as their insurer. Their complaint was expressed under seven headings, namely 'The Length of Time to Settle My Claim', 'Feasibility of Repairing Items', 'Items Have Already Been Replaced', '8% Interest', 'My Agreement to the Settlement', 'Unfair Pressure to Settle' and 'Causing Unnecessary Stress.'*

*As to the length of time taken to settle their claim, they thought that Lloyds had been unreasonable and that it was 'finding ways to delay the process unnecessarily.' They said that Lloyds initially said that it would inform them quickly of any information or assessment it needed. Apart from insisting upon information about their removal company, Lloyds didn't ask for anything else. They thought that Lloyds were now asking for further information to delay the process again. Mr C and Miss H said that they'd reluctantly agreed for their television and computer to be collected because they 'feared it would lead to further delays'. They agreed to this for the purposes of verification only as opposed to repair 'as this option is no longer viable or acceptable.'*

*In November 2022, Mr C said that Lloyds' agents confirmed that they were unable to collect the television but would provide a report to Lloyds and recommend settlement based on the information that Mr C had given over the phone. They confirmed that they didn't need to inspect the item. Mr C said that this showed that Lloyds didn't need to inspect the items before issuing a settlement, contrary to what Lloyds had originally led them to believe, although this 'was the entire basis for them stalling over issuing a settlement.' He said that the agents had also failed to collect the computer on a given date and had not made any attempt to collect it two months later and so thought that this indicated that, like the television, they didn't need to inspect the computer in order to make an assessment.*

*As to the feasibility of repairing items, Mr C and Miss H said that they'd sought independent views as to whether the items could be repaired. Both the television and computer manufacturers informed them that that once the item was over a certain age, they no longer provided replacements parts. They concluded that repairs were no longer possible. Mr C and Miss H thought that if Lloyds had settled the claim in a fair manner and within a reasonable time, a repair may have been possible however this was no longer a viable option. Due to the delays in settling the claim, Mr C and Miss H had to replace the items at their own expense as they'd received no request from Lloyds to assess the items in 2021. Repairing the items at this stage would therefore leave them out of pocket.*

*As to interest on the settlement figure due to delays, Mr C and Miss H said that if Lloyds was to be allowed to repair the items, it would be able to avoid paying interest and yet it wouldn't have corrected the problems for which the 8% interest was meant to compensate. Mr C and Miss H said that they'd been led to believe that a monetary settlement would be offered straight away and had they known there would be further delays as '...Lloyds continue to try and squirm out of their obligations', they wouldn't have agreed to it. They thought that there had been unfair pressure to settle, including continuing to threaten to discontinue the claim.*

*Finally, Mr C and Miss H thought that Lloyds had caused them unnecessary stress when Lloyds had been aware of certain medical issues and the matter had now been going on for 18 months. They said that 'despite the apology and assurances that this conduct would stop, it is continuing....'. Mr C also later referred to wasting over 20 hours dealing with 'needless requests'.*

*Turning to what Lloyds have said about the complaint, it confirmed that in April 2022, it was appointing an agent to collect and assess the television and computer, in line with the terms and conditions of the relevant policy, under the heading 'proof of loss or damage'. Lloyds considered it was necessary to appoint its specialist agents to inspect and provide a report regarding the damage and determine whether damage was consistent with the circumstances of the claim. The agents would also determine a replacement value and reasonable cash settlement if appropriate. It considered that details of what was needed to progress the claim had been provided and didn't consider that it had caused delay.*

*It said that when the claim was initially made, the original agents were their electrical agents. In May 2022, it said that Mr C and Miss H had refused to speak to the agents to allow them to arrange an inspection to progress the claim. In June 2022, it said it wrote to the policyholders asking for a response to progress the claim, or it would have to assume that they no longer wished to pursue the claim as it was unable to keep claims open indefinitely. In summary, Lloyds said that it was acting in line with the policy terms and conditions and trying to progress the claim. It considered that it was entitled to inspect items to confirm liability under the policy. It also said that it hadn't treated Mr C and Miss H any differently to how it would treat any other customer and so didn't feel that it was acting unfairly.*

*For the avoidance of doubt, my role as Ombudsman is to reach a final decision in relation to case reference [REDACTED], or what Mr C refers to as 'My second Complaint' and in relation to which a final response letter was issued at the end of June 2022.*

*The starting point for considering whether an insurer fairly applied the terms of a policy is the policy wording itself. Here, I note that under the heading; 'What you'll need to give us', it required policy holders to 'Keep any damaged goods as we may need to see them...' and under the heading 'How we'll look after your claim,' it states: 'Depending on the extent and type of damage, we can rebuild, repair or replacement [sic] your things or give you a cash payment.' Under the heading 'Making a claim' it states: 'You are required to provide us with all reasonable assistance and evidence that may be required concerning the cause and value of any claim.' Under the heading 'Proof of loss or damage' it states: 'Do not throw away any damaged items before we have had a chance to see them or carry out any non-emergency repairs before we have had a chance to inspect them.'*

*The policy also has a standard clause that the policyholder must substantiate loss: 'To assist with this we may request you to provide reasonable additional information at your own expense.' It also required; 'For damaged items, confirmation by a suitably qualified expert that the item you are claiming for is beyond repair.' Finally, under the heading: 'How we settle claims under your Contents covers' it states: 'We can either repair or replace any item or make a money payment instead. We will pay the cost of replacement as new if available or otherwise the nearest equivalent less any discounts obtainable. If an item is irreplaceable,*

*we will base our payment on expert opinion of its value immediately prior to its loss or damage.'*

*Firstly, it's clear that there has been a most unfortunate series of delays and a breakdown in relations in this case, although I cannot say that all these delays are due to Lloyds actions or lack of action. Insurers clearly need to validate and investigate claims to assess whether damage occurred in the way claimed, that the damage is covered by the policy and also to decide on the method and level of settlement if damage is deemed to be covered. There is also an onus upon the policyholder to co-operate with insurers to help to substantiate and progress their claim. It is also unfortunately the case that insurance claims and the events which lead to any such claim can, in themselves, be stressful. Insurers must however handle claims fairly and reasonably and in a manner which doesn't exacerbate a stressful situation.*

*In this case, I do consider that the initial difficulties arose as Lloyds had insisted upon Mr C and Miss H providing information as to the claimants' removal firm. In the meantime, it failed to progress other aspects of the claim process in a timely manner. The service's investigator therefore considered that this had been unreasonable and issued a view to this effect in February 2022. This was to allow the claim to progress and to place Mr C and Miss H back in the position they should have been in, had the failure not occurred.*

*Mr C has stated that Lloyds' loss adjuster did inspect all items and took photographs to include ones of the computer and television and indicated that if any further information or assessment was required, it would let Mr C and Miss H know shortly. However, Lloyds didn't let them know that anything else was needed. In the absence of any evidence to the contrary, I have no reason to doubt Mr C's recollection of the discussion. I recognise that the loss adjuster wasn't qualified to assess the damage to these two items and that a specialist would need to assess them. However, the investigator recognised that Lloyds had failed fairly and reasonably to progress the claim whilst making its request for information about the removal firm and I consider that these matters should have been progressed in parallel.*

*The claim therefore stalled prior to the investigator's view which was issued in February 2022, some five months after Mr C and Miss H's claim. Again, on a provisional basis, I don't consider that it was unreasonable for Mr C and Miss H to have replaced their computer and television due to these delays. Nor do I consider that it was unreasonable for them to have understood that, in the absence of any request for further information or assessment by Lloyds, that they could proceed to [buy] replacements without prejudicing the claim. I've also noted that the items were correctly retained for inspection, as Mr C has more recently agreed that collection and assessment could take place.*

*I further note that once the investigator's view was issued in February 2022, Lloyds did subsequently attempt to arrange for inspection of the items. It is standard practice for items such as televisions and computers to be inspected by specialist agents. I consider that Lloyds was entitled to proceed in this manner, despite its earlier delays, in the light of the policy's clear terms and conditions in this respect. These earlier delays had been recognised in the investigator's recommendation in February 2022 for Lloyds to pay Mr C and Miss H £200 in compensation.*

*I've noted that Mr C refused to engage with Lloyds original agents. Mr C has made it clear that he thought that it was no longer reasonable for Lloyds to insist upon inspection of items. He felt repair was no longer an option and he wished to receive a financial settlement. Whilst I understand Mr C's frustration with the process and the delay, at this point, I'm satisfied that Lloyds was not acting in an unreasonable manner by requiring collection and inspection of the television and computer. It still needed to satisfy itself through specialist agents of the extent of damage, the circumstances of damage, and a replacement value if appropriate. On a provisional basis, I therefore conclude that it wasn't unfair or unreasonable for Lloyds to*

*require collection and inspection of the items. I also can't hold it responsible for any delays due to Mr C's refusal to allow this process to proceed.*

*As to any delays or service issues which arose after the date of Lloyds final response letter of June 2022, these would have to be subject to a new complaint. Nevertheless, in reaching my decision, I'm able to consider any new evidence which emerges regarding the events which pre-dated that letter. Mr C has provided evidence that he spoke to the original agents following issue of the investigator's view on the second complaint. Again, I have no reason to doubt Mr C's recollection of the conversation, and that the agents said that they were able to produce a report and recommend settlement regarding the television without collecting and inspecting it. There was some confusion on Lloyds' part in December 2022 as to whether the original agents were authorised to act in this matter, however I'm satisfied on a provisional basis that their opinion was a valid, expert opinion on the damage to the television. I note that Mr C and Miss H have claimed £685 as this was the cost of the television and I have no reason to doubt their evidence as to its value.*

*In the light of the above and on a provisional basis, I consider it likely that if Mr C had allowed the original agents to inspect the television and computer in May 2022, it would have reached the same conclusion that it reached in November 2022. I therefore consider it likely that it would have recommended a cash settlement in relation to the television.*

*As to the computer, Mr C considered that there was reason to believe that the agents would likewise have been prepared to recommend settlement without inspection. However, on a provisional basis, I'm not satisfied that this is the case. It's unfortunate that collection and inspection of the computer is still to take place. Whilst any on-going delays may be the subject of further complaint, it's helpful for progress of the claim that Mr C has agreed for this to take place. I note that Mr C states that the relevant manufacturers confirmed that due to the age of both items, that they would no longer be able to supply parts. I consider that this supports a conclusion that both items were beyond economic repair. Nevertheless, on a provisional basis, I consider that it remains necessary for a specialist to inspect the computer to assess and report on the damage and on replacement value if appropriate, but also for Lloyds to determine whether or not it will settle the claim under the policy's terms. If it does so, I consider that a cash settlement would now be the only appropriate outcome.*

*It's therefore my provisional conclusion, that it would be a fair and reasonable outcome in all the circumstances for Lloyds to pay a cash settlement to Mr C and Miss H in relation to their damaged television. As to the computer, I consider that it would be a fair and reasonable outcome for Lloyds to now arrange urgent collection and inspection, and to reach an urgent determination of Mr C and Miss H's claim in accordance with the terms and conditions of their policy.*

*I've taken on board Mr C's concerns that he's already given Lloyds ample opportunity to collect and inspect the computer, and that it failed to do so. However, any difficulties and delays surrounding these later issues post-date Lloyds' final response to this complaint and cannot be considered within the scope of this decision letter.*

*In my provisional decision, I asked both Mr C and Miss H and Lloyds if they had any further comments or evidence which they would like me to consider before I made a final 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.*

*Mr C and Miss H haven't offered any further comments or evidence in response to the*

provisional decision. Lloyds provided additional information and comment in response to some key point within the provisional decision and these can be summarised as follows.

Lloyds noted that there was no dispute as to the requirements for confirming liability under the terms and conditions of the policy and it repeated these requirements. Lloyds added that its reasoning for inspecting both items wasn't just to see if the items could be repaired or to determine the level of settlement. It was also to confirm that the damage described was consistent with the circumstances of loss and was something that it could consider under the terms of the policy. However, this has already been stated in the provisional decision letter.

As to the provisional conclusion that specialist assessment should have been progressed in parallel with Lloyds' enquiries in relation to the removal firm, Lloyds provided details of its claims' notes from October 2021. These confirmed Lloyds' decision to progress the latter aspect in isolation. It explained that since referral to this service, Lloyds had been trying to arrange for both the television and computer to be inspected. This does not however alter my provisional conclusion on the matter.

Lloyds then referred to Mr C's discussion with the original agents following issue of the investigator's view. It said that any instruction should have come from Lloyds and not Mr C following receipt of the service's closure letter. Lloyds helpfully supplied the relevant call recording from November 2022 which confirmed that Mr C had expressed the fact that he was unhappy with the timescale for collection of the television, even though this would only take slightly longer than collection of the computer. The agents then advised that *'it might not be necessary'* in any event. I consider it likely that 'it' was referring to the question of collection. The agent then explained that it didn't collect in Mr C's area and therefore it would go back to Lloyds and *'we'll send across the standard quotation...'*

I agree with Lloyds that the agents didn't specifically advise Mr C that *'in their expert opinion based on the damage they wouldn't inspect the TV as suggested in the paragraph above.'* I also note Lloyds' comments that had it been given the opportunity to speak to the suppliers prior to Mr C contacting them, it would have looked to arrange for a different supplier to action this. Whilst I accept this is the case, by this stage I consider it was only fair and reasonable for Mr C and Miss H to have tried to progress matters direct with the agents who they reasonably believed had been acting for Lloyds. This was in view of the lengthy process which they had already experienced.

I also consider that the call recording broadly matches Mr C's recollection of events. It was not unreasonable for Mr C to have interpreted the assurance that *'we'll send across the standard quotation...'* to be confirmation that the agents were authorised to act and able to produce a report to Lloyds and recommend settlement regarding the television without collecting and inspecting it.

Finally, as to the value which Mr C and Miss H attributed to the television, Lloyds stated that this was the price of the original purchase. As the television was 4 or 5 years old, Lloyds thought that the price *'doesn't reflect a replacement cost in today's market.'* Whilst I agree that the true replacement cost may indeed be more or less than this figure, I consider that Lloyds has been provided with ample opportunity to comment on what it considers to be a reasonable replacement value. As it stands, the only figure which has been provided is that supplied by Mr C to reflect the cost of the original purchase. In the circumstances, I find this to be fair and reasonable settlement figure.

In conclusion, and subject to the points noted above, I remain satisfied that the provisional decision provides a fair and reasonable outcome to the matter, and I partially uphold Mr C and Miss H's complaint as follows.

## **My final decision**

For the reasons given above, I partly uphold Mr C and Miss H's complaint and I require Lloyds Bank General Insurance Limited to do the following: -

- Pay Mr C and Miss H a cash settlement of £685 for their damaged television.
- Arrange for collection, inspection and assessment of Mr C and Miss H's damaged computer within 21 days of their acceptance of my final decision letter and determine the computer claim in accordance with the terms and conditions of the policy within 28 days of such acceptance.
- If Lloyds uphold the computer claim, to settle the claim by means of a cash settlement.
- Pay 8% simple interest\* per annum on the cash settlement of £685 for their damaged television, as well as for any cash settlement for the damaged computer from the date of claim to the point of settlement.

\*If Lloyds considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr C and Miss H how much it's taken off. It should also give Mr C and Miss H a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Miss H to accept or reject my decision before 12 June 2023.

Claire Jones  
**Ombudsman**