

The complaint

Mr and Mrs B complain about how Lloyds Bank General Insurance Limited (Lloyds) handled a claim on their home insurance following a leak in their kitchen.

Both Mr and Mrs B are named policyholders on their Lloyds policy, so any claim or complaint is brought by them both. But for simplicity, and because most of the information about the complaint has been provided by Mrs B, I'll refer mainly to Mrs B from here onward.

Mrs B bought her policy through an insurance intermediary and most of her correspondence has been with this intermediary rather than directly with Lloyds. For the avoidance of doubt, any reference to Lloyds includes its agents, including the intermediary.

What happened

Mrs B had a Lloyds insurance policy, bought through an intermediary. In March 2022, she discovered a leak in her kitchen. She called Lloyds who agreed to send out a contractor to assess the damage. In the meantime, Mrs B arranged for a plumber to fix a broken pipe.

Over the following months, Mrs B had many problems trying to get Lloyds to fix the damage caused by the leak and the subsequent discovery of asbestos tiles under the kitchen floor, including:

- Delays handling the claim.
- Poor workmanship by Lloyds' contractors, for example flooring removed and left exposed, kitchen units removed and left in another room.
- Different contractors turning up to do work without knowing what others were doing.
- Contractors unable to carry out repairs because work by other contractors hadn't been done.
- Replacement kitchen units not being of the same quality as the original units.
- Poor communication from Lloyds and its contractors throughout their claim.

Mr and Mrs B say this caused them significant distress and inconvenience.

Lloyds offered Mr and Mrs B £1,800 as cash settlement for the replacement kitchen flooring. It also accepted that its handling of the claim was poor. In total, it offered Mr and Mrs B £950 to apologise for the distress the matter caused them.

Mr and Mrs B brought their complaint to this service. They don't think the cash settlement is enough to replace their flooring, and don't think £950 adequately compensates them for the distress and inconvenience Lloyds caused them.

Our investigator didn't recommend that Mrs B's complaint should be upheld. While she found that Lloyds' handling of Mr and Mrs B's claim had been very poor, and recognised the impact this had on them, she thought Lloyds' settlement offers – for both the flooring and its poor handling of the claim – were fair.

Mrs B disagreed with our investigator, so the case was passed to me to make a final decision.

My provisional decision

I issued a provisional decision on this complaint on 26 May 2023. I said:

“Lloyds has accepted most of the complaint points made by Mrs B. The two points of disagreement are:

- 1. The settlement offer for Mr and Mrs B’s replacement flooring.*
- 2. The compensation Lloyds should pay Mr and Mrs B to reflect the significant distress it caused by its handling of their claim.*

I’ve considered both below.

Settlement offer

Mrs B’s policy says Lloyds will offer either like-for-like replacement flooring or a cash settlement to the same value. Lloyds says the flooring Mrs B wants it to pay for is of better quality than their original flooring (known as ‘betterment’). I think that’s right.

Mrs B accepts that the flooring is of a different type than the original kitchen floor. She told us the flooring company said there wouldn’t be a significant difference in price between wooden and vinyl flooring. While that may be true, Lloyds only has to pay the cost of replacing the original flooring. I can also see that Lloyds’ experts said Mrs B preferred flooring was more complex – and therefore more expensive – to install.

Having reviewed all the information available, I’m satisfied that Lloyds’ settlement offer of £1,800 for the replacement flooring is fair.

Compensation for distress

I’ve reviewed everything Mrs B has told us and Lloyds’ internal notes on this claim. The most relevant points are:

- The initial leak was in March 2022. The final cash settlement offer for replacement flooring wasn’t made until September 2022.*
- Repairs to the kitchen units and flooring took more than four months.*
- During this time, multiple contractors attended Mrs B’s home many times causing significant disruption.*
- Mrs B’s photos show that workmen left her home in an unacceptable state during the repairs. I think this was both dangerous and disruptive.*
- In addition, dust created during some of the repairs caused Mrs B significant health concerns, especially given the presence of asbestos.*
- Its apparent that some work couldn’t be carried out because other work hadn’t been done.*
- The communication with Mrs B from both Lloyds and its contractors was extremely poor. This was particularly relevant given the number of different contractors involved creating confusion about who was due to attend on what date.*

Lloyds has so far offered Mr and Mrs B £950, as follows:

- June 2022. £300 for poor workmanship and poor service.*

- August 2022. An additional £400 for poor workmanship, poor service, and delays resolving the matter.
- September 2022. An additional £250 for poor workmanship, poor service, and further delays.

I think Lloyds caused Mr and Mrs B substantial distress. It caused a serious amount of disruption to their daily lives over several months. Mrs B has explained the significant impact this had on her family and social life. On balance, I agree with Mrs B that Lloyds' current offer doesn't adequately reflect this.

I've considered the level of award this service makes in similar circumstances. Having done so, I think Lloyds should pay Mr and Mrs B £1,500."

Responses to my provisional decision

Mr and Mrs B were content with my findings and accepted my provisional decision. Mrs B asked me to pass on one final comment to Lloyds:

"Please do not use [the main contractor] ever again for any other customers. I would hate to think of anyone else having to go through the hassle, rudeness and aggravation that we experienced from them."

Lloyds had nothing further to add and told us it was happy to accept my provisional 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.

Given both parties accepted my provisional decision and had nothing new to add, there's no reason for me to change my findings. I uphold the complaint in part for the same reasons set out in my provisional decision.

My final decision

My final decision is that I uphold the complaint in part and order Lloyds Bank General Insurance Limited to:

- If it has not already done so, pay Mr and Mrs B £1,800 cash settlement for their replacement kitchen flooring.
- Pay Mr and Mrs B £1,500 in total to reflect the distress and inconvenience its handling of their claim has caused. If it has already paid Mr and Mrs B £950 – as per its final offer in September 2022 – it need only pay the additional £550.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 12 July 2023.

Simon Begley
Ombudsman