

The complaint

Miss N has complained about the service provided by Lloyds Banks General Insurance Limited ('Lloyds') under her home insurance policy.

For the avoidance of doubt, the term Lloyds, also includes its contractors, loss adjusters, agents, and representatives.

What happened

The kitchen, lounge and hallway of Miss N's home were unfortunately damaged by flood, following a stop-tap failure in April 2021. Miss N was insured by Lloyds at the relevant time, and she made a claim on her policy. Lloyds' assessor confirmed that new flooring and skirting boards were needed, as well as redecoration. Miss N said that screed was eventually applied to the lounge floor by Christmas 2021 and to the kitchen floor by May 2022. Miss N was unhappy about the standard of repairs carried out by Lloyds and about a lack of communication throughout the claims process. She complained to Lloyds, and it partially upheld her complaint. Miss N then referred her complaint to this service.

The relevant investigator partially upheld Miss N's complaint as she considered that Lloyds had been responsible for avoidable delays. She also agreed that the standard of work hadn't been good enough. Due to the delays, standard of repairs and the breakdown in relationship, she thought it reasonable that Miss N would want to carry out the repairs independently, and not to use Lloyds' contractors. She thought that Miss N should provide Lloyds with reasonable quotes to get the work fixed which would need to be within Lloyds' guidelines. It was also her view that these quotes would need to be assessed by Lloyds' engineers. The investigator further noted the level of distress and inconvenience suffered by Miss N and her family. She however recognised that Lloyds had increased its compensation offer to bring total compensation up to £850 in total and she considered that this was in line with the service's guidelines. She did not therefore recommend that Lloyds paid Miss N any further compensation.

Miss N remained unhappy with the outcome of her complaint. She didn't consider that the recommended compensation was sufficient to recognise the extent of the distress and inconvenience caused. 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.

I turn firstly to Miss N's submissions. She considered that the repairs hadn't been carried out properly. Miss N explained that some of the floor was ripped up by Lloyds' contractors in May 2021, however this was left until December 2021 as a 'trip hazard'. A family member had sustained injury in a distressing incident by tripping on the floor in August 2021 and this had made an existing disability worse. She said that Lloyds' agents failed to communicate and appeared to blame each other. She said she'd made numerous phone calls to try and

establish what was happening with her claim, but it was extremely difficult to get clear answers to direct enquiries.

Miss N stated that *'after much persuasion my lounge was completed days before Christmas 2021'*. However, she felt that the standard of work was poor. Lloyds' plumber had reinstalled the radiator in the lounge, however it then leaked all over the new flooring. Miss N said that in May 2022, work finally began on the kitchen, however it hadn't been carried out in the manner and to the standard that she'd been led to believe would happen. She felt that the contractor had *'cut corners'*.

A representative had advised Miss N to provide a snagging list in view of her concerns. This list included poorly installed vinyl flooring and skirting in the lounge. As to the kitchen, it referenced uneven flooring and skirting. It also referred to failure to paint ceilings throughout. Miss N made it clear that she didn't want further work to be carried out by Lloyds' teams as she'd lost all confidence in them. Miss N felt that Lloyds' representative had also stated that Miss N could indeed obtain her own quote from a family member who was a builder. He'd agreed that the work was 'shoddy,' and that Lloyds would also get a quote from a different contractor. The contractor attended in December 2022 however, she didn't hear anything else regarding the matter.

In summary, Miss N said that she'd been left with an uneven floor. Flooring had lifted in both the kitchen and lounge, the skirting board was not secured to the floor, which left a gap between the skirting board and the floor, incorrect paint was used in the lounge and therefore peeled away from the wall, and 'run marks' were also visible. Miss N said the stress and trauma caused had been indescribable. She'd spent numerous work lunch breaks on the phone constantly chasing and trying to get further forward with the claim. She was therefore looking for significant compensation for the long-term distress and inconvenience caused, and she didn't believe the increased compensation offered by Lloyds was enough. In conclusion, she said that; *'the whole case has been handled extremely poorly and should not still be ongoing after over two years.'*

I now turn to what Lloyds has said about the matter. By January 2022, it considered that the only outstanding issue was redecoration of the affected areas and replacement of the kitchen flooring. It didn't consider that painting of ceilings was in the scope of works however, as they weren't affected by the flood. It acknowledged however that Miss N hadn't received clear communication about the works over the following weeks. It said that a cash settlement regarding the contents element of Miss N's claim was paid in March 2022. It also approved its contractor's amended estimate for the outstanding work at this time. It acknowledged however that Miss N had still received no contact from the contractor by April 2022 and it also then settled Miss N's claim for alternative accommodation.

It therefore upheld the service element of Miss N's complaint. It thought that the likely decline should have been made known to Miss N in March 2022, rather than giving the impression that the claim would be settled. It apologised that the claims process had not been efficient and offered £500 compensation for inconvenience caused. It also offered an additional £350 compensation. It said that whilst its final response letter of January 2023 didn't specifically mention the accident to Miss N's family member, it did advise that the compensation was for the delays and the impact that the issues were having on the family.

Turning to Lloyds' case noted, these confirmed that Miss N had expressed concern and her unhappiness with the way in which her claim was being handled throughout. The notes showed that Miss N's family member had supplied a quote which was for over £5,000, whilst Lloyds considered that the cost of the works would be closer to half that sum. The notes indicated that this lower sum was offered to Miss N as a cash settlement in November 2022 and that she was considering the offer.

Having considered all the evidence and submissions, I'm satisfied that the view issued by the relevant investigator in July 2023 provides a fair and reasonable outcome to this long outstanding matter. The evidence shows that Lloyds' representatives had recognised that certain work it had carried out to remedy the damage had been defective. It had also agreed that certain works included in the 'snagging list' of defects supplied by Miss N still needed to be carried out. I agree with the investigator that, based on the evidence provided, it was not unreasonable that Miss N would wish to instruct her own contractor, whether a family member or otherwise. In view of the poor standard of work and breakdown in relationship, I can understand why she would be reluctant for Lloyds' contractor to return to remedy its defective work. As such, I agree that she should be allowed to arrange her own repairs.

I agree with Lloyds however that the initial quote obtained by Miss N seems excessive in scope and level, bearing in mind the valid items on the snagging list, excluding ceiling painting which wouldn't be covered in this instance. In the circumstances, it would be reasonable for Miss N to obtain alternative quotes to be assessed by Lloyds' engineers and for Lloyds to pay a reasonable cash settlement in accordance with its usual guidelines.

As for service failures, Lloyds' upheld Miss N's complaint in this respect and acknowledged its communication failures, both between its agents and with Miss N, particularly after Miss N had submitted a 'snagging list'. I note that Lloyds initially offered £500 in compensation, but later offered an additional £350. I conclude that £850 for the considerable distress and inconvenience caused to Miss N, is on balance, at a fair and reasonable level. It is unfortunately inevitable that a flooding incident of this nature, and the attendant claims procedure, in themselves cause considerable distress and disruption. This service however only awards compensation in cases where additional distress and inconvenience is caused by an insurer's service failures or by avoidable delays in processing claims

I have a great deal of sympathy for the ordeal which Miss N has been through over a period of two years and I'm sure this will have caused anxiety. I can therefore understand why she would be looking for significant compensation in the circumstances. However, £850 is within the range of payments this service would expect to see for distress and inconvenience caused over a period of months and which were caused by service failures. In conclusion, I don't expect Lloyds to pay compensation over and above this sum.

My final decision

For the reasons given above, I partially uphold Miss N's complaint and I require Lloyds Banks General Insurance Limited ('Lloyds') to do the following in response to her complaint:

- To assess and pay a cash settlement, based on a reasonable scope of works and quotes provided by Miss N as well as the cost that Lloyds' contractors would have charged for such works, within 21 days of submission by Miss N of such quotes.
- If Miss N fails to supply such quotes or refuses such cash settlement, Lloyds' shall immediately proceed to instruct alternative independent contractors to diligently complete the works.
- Unless the sum has already been paid to Miss N, to pay her the £850 offered by Lloyds in compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 20 September 2023.

Claire Jones

Ombudsman