

The complaint

Mr M and Mrs M have complained that Lloyds Bank General Insurance Limited (Lloyds) unfairly declined a claim under a home insurance policy.

As Mr M mainly dealt with the claim and complaint, I will normally only refer to him.

What happened

Mr M contacted Lloyds to make a claim when a gun he owned was damaged. Lloyds declined the claim because it said it was being used for its normal purpose when it was damaged, which it said wasn't covered by the policy.

When Mr M complained, Lloyds maintained its decision to decline the claim. So, Mr M complained to this service. Our investigator upheld the complaint. She said Mr M's explanation of what happened met the definition of accidental damage under the policy. She said Lloyds should accept the claim.

Lloyds said it was willing to consider the claim under the accidental damage part of the policy, but that it hadn't had the opportunity to validate the circumstances of the claim and the gun ownership. So, the complaint was referred to me.

I issued my provisional decision on 31 August 2023. In my provisional decision, I explained the reasons why I was planning to uphold the complaint. I said:

When Lloyds declined the claim, it did this following a conversation with Mr M in which he described how the gun was damaged. Lloyds decided that those circumstances weren't covered by the policy. So, I've thought about this.

Mr M told Lloyds explained that when he was loading the gun, it fell forward and landed in a trench snapping the barrel. Looking at the policy wording, it described accidental damage as:

"damage that's sudden, unexpected and not done on purpose. There needs to be a one-off specific event that caused the damage. For example, you drop your mobile phone on the pavement and the screen cracks"

However, it said damage as a result of normal use wasn't covered.

Lloyds declined to consider the claim because, having looked at what Mr M said about dropping the gun, it said the damage had happened as the result of normal use. Looking at the wording of the policy, I think it's fair to say that what Mr M described was sudden, unexpected and not done on purpose. What Mr M said happened was also similar to the example Lloyds gave of a mobile phone being dropped, which Lloyds said was covered. So, I think Lloyd's should consider the claim under the accidental damage part of the policy.

I'm aware Lloyds has already told this service it will consider the claim under that part of the policy. However, it has said it should be able to validate the claim, rather than simply settling it. So, I've also thought about this. From what I've seen, when Lloyds spoke to Mr M and

then declined to deal with the claim, it was considering whether there was cover under the policy at all, rather than, for example, considering whether an exclusion applied or there was some other reason not to cover the claim. It decided the policy didn't cover the circumstances described.

When Lloyds spoke to Mr M, it explained it would need to see items such as a cause of damage report. But it also said Mr M didn't need to provide the report at that time as it was looking at whether there was likely to be cover under the policy. It also said it would need to see things like Mr M's gun licence.

So, in my view, even if Lloyds had agreed to consider the claim at that time, I think it was clear that it intended to look at the claim further before deciding whether it would settle it. It's a normal part of a claim for an insurer to validate it. In the circumstances, I think Lloyd's should therefore have the opportunity to consider the claim further based on the terms and conditions of the policy before deciding whether to settle it.

I asked both parties to send me any more information or evidence they wanted me to look at by 28 September 2023. Both parties responded before that date.

Lloyds said it had nothing further to add.

Mr M said he had already sent a range of photos and reports to Lloyds. He said he had told Lloyds he couldn't take the rifle out on the street and Lloyds had then come up with all sorts of reasons not to pay out and said no to the claim shortly after it had been reported. Mr M said that because he had now been without the gun for five months, he was hoping for some compensation.

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.

Having done so, I uphold this complaint and for the reasons given in my provisional decision. As part of that I've thought about the comments from Mr M. I was aware Mr M had already provided documents and photos to Lloyds. However, I still think it was clear from how Lloyds dealt with the claim at the time that, even if had accepted it, it intended to investigate the claim further before deciding whether to settle. As I previously said, an insurer is entitled to validate a claim and to request further documents if these are necessary to do this.

Mr M has also said he would like compensation. I didn't say compensation needed to be paid in my provisional decision. As Mr M has said, Lloyds made its decision shortly after the claim was opened. It also seemed to try to reduce some of the inconvenience to Mr M at the time by only asking him to provide documents that were relevant to that part of the decision-making process. Although I've said Lloyds should consider the claim under the accidental damage part of the policy, it is doing so in order to decide whether it should settle it. In the circumstances, I don't think Lloyds needs to pay compensation.

Putting things right

Lloyds should consider the claim under the accidental damage part of the policy based on the terms and conditions of the policy.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that this complaint is upheld. I require Lloyds Bank General Insurance Limited to consider the claim under the accidental damage part of the policy based on the terms and conditions of the policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 9 October 2023.

Louise O'Sullivan
Ombudsman