

The complaint

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

What happened

Mr C and Mrs C contacted Lloyds to make a claim for an escape of water in their home. When they contacted Lloyds, the bathroom had already been stripped out and disposed of. Lloyds declined the claim because it said it was unable to validate the claim. When Mr C and Mrs C complained, Lloyds maintained its decision to decline the claim, as it said Mr C and Mrs C hadn't complied with the terms of the policy. As the bathroom has been disposed of, it said there was nothing to show the damage. So, it was unable to validate the claim.

When Mr C and Mrs C complained to this service, our investigator upheld the complaint in part. She said it was reasonable for Lloyds to decline the claim, as the bathroom had been disposed of before Lloyds was able to validate the claim. However, she said there had been delays in progressing the claim, so she said Lloyds should pay £300 compensation.

Lloyds said the compensation was too high and said £150 would be a more reasonable figure. Our investigator reviewed the evidence again and agreed £150 was a reasonable amount of compensation.

As Mr C and Mrs C didn't agree that their claim had been fairly dealt with or declined, the complaint was referred to me.

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 in part.

When a policyholder makes a claim, the onus is on them to show they have a valid claim. The policy booklet also said that if urgent repairs needed to be carried out, photos should be taken before and after and that damaged items shouldn't be thrown away until Lloyds said to do so.

In this instance, Mr C and Mrs C stripped the bathroom and disposed of the damaged items before they contacted Lloyds to make a claim. Lloyds sent a surveyor to inspect the damage, but didn't think there was enough evidence to validate the claim. Mr C and Mrs C also provided a report from a plumber who carried out the work. Lloyds followed up with the plumber but remained of the view there wasn't enough information to validate the claim. Having looked at what happened, I think it was reasonable for Lloyds to decline the claim.

I've also looked at the way the claim was dealt with. Following Mr C and Mrs C opening the claim, the records showed that Lloyds explained it might be difficult to validate the claim, but

it arranged for a surveyor to visit to inspect the bathroom. In my view, Lloyds' approach was reasonable in the circumstances.

When it declined the claim, Lloyds said Mr C and Mrs C could provide further evidence if they wished to do so. Mr C and Mrs C provided a builder's report about the damage. I can see there were some delays in Lloyds contacting the builder for information. Some of this seemed to be down to not being able to contact the builder. However, there also seemed to be gaps in Lloyds attempting to follow up on this any further. Lloyds has said there was a surge in claims around that time. About two months later, Lloyds told Mr C and Mrs C that it was still declining the claim.

Mr C and Mrs C have described the impact on them of how the claim was dealt with. I think it's common for claims to impact a policyholder and disrupt their life, even where there isn't an issue with how the claim was handled. I also think the claim was more difficult to assess because the bathroom had already been stripped out and disposed of. So, I've taken this into account. However, Lloyds invited Mr C and Mrs C to provide further evidence if they wished to do so. I think there were then avoidable delays in Mr C and Mrs C's additional information being reviewed and the outcome being given to Mr C and Mrs C, which I think caused them distress and inconvenience. As a result, I think Lloyds should pay £150 compensation to recognise the impact on them.

Putting things right

Lloyds should pay Mr C and Mrs C £150 compensation.

My final decision

For the reasons I have given, it is my final decision that this complaint is upheld in part. I require Lloyds Bank General Insurance Limited to pay Mr C and Mrs C £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 10 October 2023.

Louise O'Sullivan
Ombudsman