

The complaint

Mr and Mrs N complain about how Lloyds Bank General Insurance Limited (“Lloyds”) dealt with a claim they made on their home insurance policy.

Although the policy is in joint names, Mr N has brought the complaint so, for ease, I’ll refer to him throughout this decision.

Lloyds is the underwriter of this policy, i.e. the insurer. Part of this complaint concerns the actions of its agents. As Lloyds has accepted it is accountable for the actions of the agents, in my decision, any reference to Lloyds includes the actions of the agents.

What happened

Mr N has home insurance with Lloyds. It provides cover for damage to the home caused by fire or smoke, escape of water, malicious damage, flood, and storm, amongst other things.

In January 2022 a leak in the lead mains pipe buried under the concrete floor was discovered in his home. In order to access the leak the kitchen sink was disconnected and removed, a section of granite workshop was removed as well as two floor units and the dishwasher.

So Mr N submitted a claim to Lloyds for the damage caused by the leak. Lloyds appointed a loss adjustor to manage the claim. There were delays in arranging for the property to be dried and for the remedial works to be scoped and agreed.

In May 2022 Mr N says it was finally agreed for the stripping out of the property and completion of the drying to take place. But the reinstatement works hadn’t been approved by Lloyds at that stage. So Mr N complained.

At the end of May 2022 the stripping out work was completed. Mr N says his kitchen floor was now just concrete.

In June 2022 despite numerous chasers Lloyds hadn’t responded to requests for approval of the reinstatement works. Lloyds said it was waiting for the surveyor to review the reinstatement schedule and costs. Mr N says by this stage Lloyds had receipt of the scope of works for two months, and he was without his kitchen sink and running water since January 2022 and the disruption was causing a great deal of stress.

Lloyds provided a proposed scope of work in July 2022 but Mr N says there were significant omissions which meant his property wouldn’t be put back to its pre-loss condition. So he complained to Lloyds about the level of settlement.

In response Lloyds appointed a new loss adjustor to work with Mr N and paid him £200 for the inconvenience the delays had caused. The claim for reinstatement was approved in September 2022.

In October 2022 Mr N had dehumidifiers installed by his own representative to start the drying process following a further leak. Mr N says it was the same equipment as previously used and approved by Lloyds. But Lloyds declined cover for this. Lloyds also declined to take any remedial steps that might be necessary to prevent potential development of mould.

Lloyds said it considered its offer of compensation fair considering the circumstances of the complaint. Following receipt of further complaint Lloyds arranged for a different loss adjustor to attend the property and draw up a scope of work. The adjustor didn't think the damage was sufficient to warrant air movers or the treatment of mould. And so that element of Mr N's claim was declined. Lloyds said the cash settlement on offer is fair and reasonable for the damage caused.

Mr N referred his complaint to this service. One of our investigators looked into things for him. He said he could see there were delays in the handling of the complaint. He recommended Lloyds pay Mr N a further £200; taking the total compensation to £600.

Because Mr N didn't agree the complaint has come to me to decide.

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 understand Mr N has strong views about what's happened and I can empathise with the situation he finds himself in. I have read and considered everything I have received carefully. My role isn't to decide the claim and cause of damage. My role is to look at whether Lloyds acted fairly and reasonably.

There is a lot of information about the claim Mr N made, and I've looked through what I've been provided. The detail is well-known to both parties so I haven't described the claim in any great detail here. I'll comment on any relevant evidence where appropriate to explain my decision. It's not my intention to minimise the effect the claim has had on Mr N.

The terms of the policy set out how Lloyds will settle buildings claims. They say:

- *"We will pay the cost of rebuilding or repairing the part of your home which is damaged (using a suitable equivalent material wherever possible) but not more than the cost of completely rebuilding it in its original form.*
- *We have the option of giving you a money payment instead of repairing or rebuilding your home."*

Scope of work and settlement

Lloyds appointed loss adjustors to validate the claim and scope the work. I think this is reasonable given the extent of damage to Mr N's property.

There were delays in agreeing the reinstatement work and when Lloyds provided its scope to Mr N he wasn't happy since it wasn't enough to put him in the position he was in before the leak.

Lloyds agreed to appoint a new loss adjustor to work with Mr N. The new adjustor apologised for the issues Mr N had faced and approved the reinstatement work provided by Mr N.

I can see that Lloyds increased its original settlement offer once it considered the information and evidence provided to it by Mr N. And this is what I would have expected it to do. So I think it acted reasonably in reviewing the level of settlement being offered to Mr N.

I'm not persuaded there are any grounds for me to fairly and reasonably require Lloyds to change its settlement offer made to Mr N to include the cost of the drying equipment or mould prevention treatment. So, I'm not directing Lloyds to take any further action to resolve this part of the complaint.

Delays

The relevant industry rules say an insurer should handle claims promptly and fairly. The escape of water in Mr N's home occurred in January 2022. Lloyds appointed a loss adjustor to deal with the claim. The stripping out and drying wasn't completed until May 2022 and the scope for the reinstatement work wasn't completed until September 2022. So I don't think Lloyds dealt with the claim promptly or fairly.

I can see Mr N contacted Lloyds on a number of occasions to obtain an update on the claim and to get the reinstatement work approved as quickly as possible.

Mr N provides compelling testimony of the impact the claim had on him and his family. It is also backed up by photographs and claim notes from Lloyds. I've no doubt it's been a difficult and stressful experience, not helped by the delays and lack of proactivity.

Based on what I've seen I think it's fair to conclude Lloyds haven't acted fairly towards Mr N by failing to agree the scope of work within a reasonable timescale.

Lloyds has accepted the service Mr N received wasn't the level it would expect and paid him £400 to reflect the distress and inconvenience caused. I've thought about this carefully. It's not our role to punish businesses where they haven't acted fairly towards consumers, but given the circumstances, the length of delays and the inconvenience suffered I think a further award is due. I have detailed what I think is reasonable below.

Mould and additional dryer costs

Lloyds declined to cover the cost of the subsequent drying and works to prevent mould. It said the air mover drying equipment wasn't warranted for the level of damage caused by the subsequent leak. It also didn't find any evidence of mould. But it did add antimicrobial treatment to its scope of work.

I think it was fair for Lloyds to rely on its contractor to help inform its decision. Lloyds is only liable to cover damage caused by the escape of water and since there's no independent evidence that says mould was present and caused by the escape of water, I don't think it was wrong for Lloyds to decline cover. It is entitled to do this by the policy terms. So I think it has acted reasonably here.

I appreciate Mr N will be disappointed with my decision. I can see it's been stressful for him and I'm sure he thought the claim was going to be resolved with minimal fuss. Lloyds accept the service it provided wasn't at the level it would have expected.

Putting things right

Our investigator recommended Lloyds pay Mr N a further £200 compensation to reflect the distress and inconvenience caused, taking the overall compensation to £600. I think this is reasonable in the circumstances because there were clear delays during the course of the

claim and it's clear to me the impact of that on him has caused particular stress and upset to Mr N. I'm therefore satisfied a further £200 is fair and reasonable compensation for this.

My final decision

For the reasons detailed above I direct Lloyds Bank General Insurance Limited to pay Mr N a further £200 in resolution of his complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N and Mrs N to accept or reject my decision before 11 December 2023.

Kiran Clair
Ombudsman