

The complaint

Mr M complains that Lloyds Bank General Insurance Limited (Lloyds) handled his claim poorly following an escape of water from a property above, and declined to cover the full cost of repairs, under his home buildings insurance policy.

What happened

In November 2022 the flat above Mr M's property suffered an escape of water from a faulty washing machine. This caused damage to his kitchen located directly below. He was away on holiday at the time but contacted Lloyds on his return to make a claim. It sent a personal claims consultant (PCC) to assess the damage at the beginning of December.

Mr M says the PCC attended again at the end of January 2023. At this time, she arranged for moisture testing. He says the contractor appointed to do this didn't attend until 3 March. No dampness was found. Mr M says the report was invalid given the time delay from when the leak occurred.

Mr M found further damage to his flooring in the hallway and living room. He says the PCC didn't accept this damage was related to the escape of water from the washing machine but was the result of a different event involving bathroom renovations in the flat above. Mr M says he has provided a report showing the damage was linked to the initial claim. But this wasn't accepted by the PCC. Mr M says Lloyds's contractor changed its report to align with the PCC's view.

In its final complaint response Lloyds says it offered a cash settlement in line with its policy terms and conditions. It says its damp contractor didn't link the damage in the living room and hallway with the water damage claim in the kitchen. Following Mr M's complaint Lloyds says a further opinion was sought from a different contractor. The findings in its report mirrored that of the PCC and the damp contractor.

Lloyds says it could've provided a better service to Mr M and offered him £75 compensation. But it maintained that its offer to settle his claim was fair.

Mr M didn't agree and referred the matter to our service. Our investigator upheld his complaint in part. He says Lloyds should pay a 50% contribution towards replacing the undamaged section of worktop, as it was deemed part of a matching set.

Lloyds responded and offered to replace the undamaged worktop in full. It says its contractor was confident that a replacement could be matched. Our investigator confirmed this offer to Mr M. He declined its offer and submitted further evidence in support of his complaint. Our investigator didn't change his mind. He says Mr M can submit another claim for the hallway and living room damage he identified, but he thought the offer Lloyds had made was fair.

Mr M disagreed and asked for an ombudsman to consider the matter.

It has been passed 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.

Having done so I'm upholding Mr M's complaint in part. I'm not adding to the remedy already outlined by our investigator. I'm sorry to disappoint Mr M. But I'll explain why I think my decision is fair.

Lloyds accepted Mr M's claim following the escape of water incident. So, I needn't consider this point further. My remit here is to consider Lloyds's handling of the matter, its settlement offer, and its decision to not cover the hallway and living room damage within this claim.

I can see from the claims records that a PCC was appointed shortly after Mr M made his claim. An inspection was carried out on 8 December 2022. I've seen the photographs showing damp readings were taken. The site notes made by the PCC say:

"Claim accepted

Water damage evident on ceiling in kitchen consistent with a leak from the flat above RA. Water has dripped down the walls damaging upper level carcasses, splash back tiles and a section of worktop along with end panel. Slightly elevated moisture readings on floor tiles but they should dry successfully."

The records show Lloyds emailed Mr M on 30 December 2022. It refers to Mr M's comments that he would be appointing his own loss assessor. It asks that he provides contact details for the PCC so the two can communicate.

A claim record from 19 January 2023 says the PCC called Mr M to discuss photos he'd provided. The note says:

"discussed photos PH submitted. He advised that there was another leak coming through the bathroom ceiling which happened on the same day the upstairs neighbour was changing her bathroom. Explained that this is independent of the claim I am dealing with and if he wished to claim for this he would need to report it as a new claim. He advised the leak stopped on the same day it started. He believes the floor in the hall and living room is damaged by this leak. Advised I was only aware of water on kitchen floor. He advised his mum cleaned it up so he didn't see it but he thinks the floor is damaged by this leak also. Advised I would need to re-attend to inspect. He confirmed he will email me his availability next week so we can try and arrange an apt."

The claim records show the PCC revisited Mr M's property on 27 January 2023. The notes from this visit say:

"Damage noted to the lounge and hall, however concerned that it may not be directly related to the leak which occurred on 10/11. Agreed to appoint [damp contractor] to moisture map and confirm their opinion. PH also noted damage to the kitchen sink door which I agree has started to delaminate. No evidence of water from the leak coming into contact with this so it may be related to overspill of water from the sink itself which I suggested to the PH when I attended. He is awaiting his contractors report and will forward this on once received. [damp contractor] appointed."

I can see Lloyds received an estimate, around 10 February 2023, for the repairs Mr M's contractor had quoted. Its PCC emailed Mr M to say the damp report hasn't been received yet. Also, that the information Mr M had provided didn't contain enough detail, which he

should request from his contractor.

At the end of February 2023 the PCC emailed Mr M to say that as the damage he reported has spread significantly since her original visit, she will need to refer to the damp report once this is received. I've read the damp report dated 3 March. The report says:

"What have you found

Mid terrace ground floor flat in good condition. Damage has been caused to the kitchen by a leaking washing machine located in the flat above. Visible damage to the kitchen ceiling and walls and minor damage to the base unit below the sink. Visible damage to the lounge and hall laminate flooring although [damp contractor] do not associate this damage with the eow."

The report from the damp contractor says there is no drying required as there is no trace of moisture in any of the surveyed rooms. The report contains photos and videos of each of the surveyed rooms along with moisture readings.

Based on this evidence the PCC and the damp contractor didn't think the flooring damage in the hall and living room was connected to the kitchen escape of water. The PCC has since commented that only two laminate floorboards are showing signs of damage in the living room. In the hallway she says there is one laminate board that has risen slightly. I note her comments that it would be expected to see signs of dampness tracking from the kitchen to where this damage is located. But there is no sign of this. The PCC comments that she believes water has been spilled in the living room to cause this isolated damage. She adds that the laminate board has likely lifted in the hallway as it wasn't laid correctly.

I've read the letter Mr M provided from a quantity surveyor dated 6 November 2023. This says considerable damage was found to the living room and hallway floors and skirting boards. The letter says this was caused by the flood above the kitchen and was confirmed by taking damp meter readings.

Mr M has provided a further letter from the quantity surveyor, again this is dated 6 November 2023. It says its visit took place on 12 January and then repeats the same information as stated in the first letter.

I've thought carefully about the information provided. Having done so I'm more persuaded by Lloyds's position that the damage in the hall and living room isn't related to the escape of water that damaged the kitchen. I say this because there's a call note that confirms Mr M identified the living room and hallway damage at a later time. He says this was likely caused when the neighbour above was changing her bathroom. The damaged flooring in the hallway and living room are isolated. No evidence of water damage has been shown leading to these areas. The letter from the quantity surveyor is very limited. It includes no photos or evidence to show where damp readings were taken. Based on this I don't think Lloyds behaved unreasonably when telling Mr M, he would need to make a separate claim for the hallway and living room damage.

I've listened to the conversation Mr M had with the contractor that assessed the repairs after the damp contractor had attended. Mr M queries why the schedule of works the contractor had discussed with him then changed to exclude some of the repairs. The contractor confirms the repairs it's able to complete depend on authorisation from Lloyds. This is dependent on what is covered by Mr M's policy. The contractor mentions that he doesn't have "*matching items cover*", which is why some items weren't going to be included in the repairs. The contractor says it has to go off the damp contractor's findings, which confirmed the kitchen flood wasn't connected to the hallway and living room damage.

Having listened to this conversation, I can't see that the PCC or Lloyds manipulated reports as Mr M has suggested. The evidence shows it relied on the assessments carried out at Mr M's property, as well as its discussions with him, when validating his claim. The contractor Mr M talked to said he was able and willing to complete all the repairs highlighted. But this doesn't mean all the repairs Mr M wanted completing were covered by his policy.

I've seen the schedule of work Mr M's contractors provided. However, Lloyds offered a settlement payment based on the schedule of works it validated through its PCC. I've read Mr M's policy terms and conditions. Under the heading "*How we'll look after your claim*", the terms say:

"We use other companies (who we call suppliers) to repair or replace your things, and to repair or rebuild your home. Any repair or rebuild work done by our suppliers is guaranteed for at least 12 months. Where we use suppliers, we might get discounts. We will use their cost to us when settling claims. What we mean is, we won't pay more than it would cost us to repair, replace an item or rebuild any part of your home."

I don't think Lloyds behaved unfairly when offering a settlement payment based on what it would pay its supplier for the repairs.

I can see Lloyds originally excluded undamaged items from its settlement offer. This is because Mr M didn't have the optional cover for "*matching sets*" that would otherwise include the replacement of these items. I don't think Lloyds acted unfairly by relying on its policy terms here. However, it has since offered to replace the full kitchen worktop where only the damaged section was previously included. I think this is reasonable. I've seen the emails exchanged with its contractor that shows it will be able to provide a reasonable match for the undamaged worktop.

I've thought about the delays Mr M highlighted with Lloyd's claim handling. I'm satisfied that once the claim was registered an assessment of the damage was carried out in a reasonable timeframe. Mr M explained he would be appointing his own loss assessor. There was a delay until he reported the additional damage to the hallway and living room. Another assessment was then arranged for the end of January 2023. It was agreed at this visit that a damp contractor would be appointed to provide another opinion. I think this was reasonable. However, it took around six weeks for this to happen. I don't think this interfered with the contractor's ability to identify the extent of the damage. But I do think this should've been arranged sooner. This caused Mr M inconvenience and some distress. It's fair that Lloyds compensates him for this.

I can see that Lloyds agreed to pay Mr M £200 in its complaint response dated 3 May 2023. It offered a further £75 in its letter complaint response dated 19 June in relation to its complaint handling. In these circumstances I think this was fair.

In summary, I don't think Lloyds treated Mr M unfairly when offering the settlement payment, it did. An appointment for the damp contractor should reasonably have been arranged sooner. But I think the compensation Lloyds offered was fair. I don't think it acted unreasonably when declining to include the living room and hallway damage in the original claim.

My final decision

My final decision is that Lloyds Bank General Insurance Limited should:

- include a reasonable match replacement for the undamaged worktop in its

settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 February 2024.

Mike Waldron
Ombudsman