

## **The complaint**

Mr J and Miss L have complained about their home insurer Lloyds Bank General Insurance Limited regarding two claims they made following flooding of their home.

## **What happened**

Mr J and Miss L's home was flooded in June 2020. They had to move out of their home and were not able to return until May 2021. About one month later, on 25 June 2021, another flood occurred. This further flood mainly affected the exterior of the property including a shed and its contents. But highlighted issues with the previous repairs undertaken as part of the first claim. Whilst matters were ongoing, in summer 2022, Lloyds said it wouldn't be renewing Mr J and Miss L's policy. It later said this was an error on its part and cover was put in place.

In January 2023, following a number of complaints, and final response letters (FRLs) issued by Lloyds, Mr J and Miss L complained to the Financial Ombudsman Service. They said they wanted £100,000 to recognise all of Lloyds' failings, which would allow them to move on.

Following an initial assessment by our Investigator, it seemed there were likely parts of Mr J and Miss L's complaint we might not be able to consider (activity and upset occurring before 13 July 2021). The complaint came to me for review and I issued a decision confirming which complaint points I can consider. They are:

- To be reimbursed for the cost of a microwave.
- A cash settlement for replacing the inner porch door.
- A cash settlement for plastering one wall in the dining room.
- To know why all electrics weren't checked prior to them moving home.
- Lloyds to "write-off" the cost of all the additional work, only necessary due to its poor repairs, rather than holding it on their claim record.
- An update from Lloyds on its recovery activity against any party liable for the flooding.
- To be compensated for living in the home after July 2021 when re-work was being done.
- To be compensated for the upset caused by the renewal being refused.

I issued a provisional decision setting out my initial findings on these points. In short, I felt there were further payments for Lloyds to reasonably make and actions it should fairly take. Notably that it should provide a high-level breakdown of claim costs, showing the total outlay and figure it had agreed to set aside. But, noting it had paid £2,200 compensation for upset caused by poor work, I wasn't minded to make it pay anything more in that respect.

Lloyds said it agreed to my findings. But said it needed to explain that it couldn't provide a detailed breakdown separating out all its costs, because that would require it to share commercially sensitive detail. It said the costs will all still be logged, just "not as a claim cost as such".

Mr J and Miss L said they were largely pleased with the findings. But they asked to be given a named contact going forwards and that when Lloyds provides the cost breakdown, it does so for both claims. They also explained that they'd had issues with the electrics at their home

after September 2022. They said a total of £5,000 compensation (increased from the £2,200), for upset caused by poor work, would better reflect everything they'd been through.

### **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.

Both parties have agreed to some of my provisional decision. My provisional findings which have been agreed with no comment or dispute are:

#### *"Microwave*

*The microwave failed following issues with the repairs to the electrics at the home. I can see that Mr J and Miss L raised the microwave with Lloyds. Lloyds has confirmed that its contractors were meant to look into the reported damage. In May 2023 Lloyds confirmed it would cover the cost of replacing the microwave. Mr J and Miss L had done that in October 2022 at a cost of £429.00. I think that sum should be paid plus interest from the date of purchase, 24 October 2022, until settlement is made.*

#### *Porch door*

*Lloyds has accepted that the porch door became overlooked – it was known it needed repair or replacement but nothing was ever offered for it. In a letter of 19 December 2023 it apologised and agreed to offer a settlement for it, as well as paying compensation of £250. I'm glad this is now being resolved. I know Mr J and Miss L are obtaining a quote to send to Lloyds for a settlement to be agreed. They say settlement should include fitting costs. I think that is reasonable.*

*However, it's unfortunate that it took Mr J and Miss L complaining to this service and Lloyds then having to investigate further for it to be sorted. I accept this took some effort on the part of Mr J and Miss L to get it sorted and that it was frustrating for them. Especially when Lloyds told us, at one stage, that it didn't know which door they were talking about – they'd all been replaced. I'm satisfied that the £250 paid, is fair and reasonable compensation.*

#### *Plastering*

*Lloyds has said it would look for detail as to what plastering work its original settlement of £1,231.68 was paid for. I'd asked it for that to help assess what the reasonable cost of plastering one wall would likely have been. That's necessary because Mr J and Miss L, whilst trying to finish the poor work Lloyds had done, didn't have a price breakdown for work to just re-plaster this one wall. To date, and I bear in mind I am issuing this decision just after the holiday season, Lloyds hasn't provided that detail or advised what it might have cost it to re-plaster that one wall – which is all Mr J and Miss L have asked it to pay them. Having seen lots of costings from insurers for this type of work over the years, I think that would likely have been no more than £300. I think they likely had to do this extra work because of Lloyds' failure, that they likely incurred a cost for it which hasn't so far been accounted for and that £300 is a reasonable sum for that work. Given all that, and that £300 is a relatively small sum, I think it's reasonable, rather than waiting for more detail, to make a provisional award of this amount to move things on and, hopefully, settle this matter."*

I won't say any more about these issues. Below I've set out, also in italics, my provisional findings which the parties have commented on or objected to. Along with the comments made and my replies.

#### *Electrics*

*“Lloyds has accepted it failed Mr J and Miss L regarding the electrics. It’s offered compensation to make up for that. I’ll look at the compensation offered as a whole further on in this decision document. But for Mr J and Miss L, they clearly want answers to be given alongside or in addition to the compensation. They’ve said they’d like to know why checks weren’t done before they moved home – that Lloyds’ failure to do so put them at great risk and caused them significant upset.*

*I can certainly understand, given the severity of the situation, why Mr J and Miss L feel more answers are needed. However, it’s not part of our role to make insurers change the way they do business or to make them act to prevent failures occurring again in the future. The role of this service is to require respondents to put things right and/or compensate for upset caused by failures (not that which might have occurred but didn’t). Lloyds did put the electrics right (or paid for that to be done) and it’s offered compensation (which I’ll review further on). I don’t think I can reasonably require it to do anything more in this respect.”*

Mr J and Miss L said they’re still frustrated that they never got an explanation for why things had been done poorly. I understand that. But matters being put right, or payment being made so things can be corrected, and compensation are the focus of our complaint process.

#### Write-off

*“I can see why Mr J and Miss L would want the cost of poor work written off. But that isn’t something this service would usually ask an insurer to do. That is because for most insurers, in considering to offer cover, and in setting a price for the same, it will be important to know what the full cost of a claim was – regardless of the reason for those costs. In this case Lloyds has said it will portion off the cost of rectifying poor work, so it won’t log it against the claim. I can’t reasonably ask it to do anything more. Lloyds has also explained that it does not price its cover based on the cost of a claim, but on the type of claim. Whilst I appreciate that Mr J and Miss L have said they’ve done what they can to limit the risk of damage in the future, and their home isn’t in an area generally at risk from flooding, I can’t reasonably require Lloyds to overlook or act outside of its general pricing criteria.*

*I note Mr J and Miss L have asked for a full breakdown of costs, including labour and appliance replacement costs. I do think Lloyds should share with them its total claim outlay and the portion of that it is ‘setting aside’. I can’t reasonably require it to provide a more in-depth cost analysis than that – that would involve it having to share confidential information about its costs. But it is common for insurers to ask to be told about the cost of a claim – which will include things like loss adjuster’s fees, for example, as well as repair costs. And Mr J and Miss L won’t be able to give an accurate answer to this type of question without some total cost being shared by Lloyds. So I’ll add a direction in this respect. But I must also stress that Mr J and Miss L, in the future when applying for or renewing their insurance, should take reasonable care to answer any questions asked by prospective insurers accurately to the best of their knowledge.”*

I appreciate, and acknowledged provisionally, that Lloyds won’t be able to give a full breakdown. For example, it won’t be able to list what work was done at the house and give a cost for each piece of work or for the labour it was charged. That level of detail would contain commercially sensitive data. But it can give details of its total costs, and those which are being separated to be logged as a non-claim cost ie those costs which were incurred on account of its poor work. So there’s overall clarity, that breakdown should show details of both claims.

#### Recovery

*“Lloyds has said it is still looking into the recovery. But it’s also explained that it’s not clear that it will be possible to make a recovery in this instance. It’s said its solicitors are consulting with experts with a view to establishing if any culverts were blocked. But also “the flood was largely due to surface water and as such very difficult to prove negligence, as the flooding followed a flash flood this will make it even more problematic.” I trust Lloyds will update Mr J and Miss L further once it has any additional news in this respect. I know that Mr J and Miss L have said the council have undertaken a programme of mitigation works and started more regular maintenance. Detail like this will likely be being considered by Lloyds’ solicitor. I’ll add a direction for Lloyds to contact Mr J and Miss L to provide an update in any event one month from the date of my final decision, should it remain the same. The claim will show as open whilst its enquiries are on-going.”*

Mr J and Miss L said they want a named contact to be assigned to them. I can understand why they’d find that useful, and similarly note their request for updates to be given in writing. But I’m going to leave it to Lloyds’ discretion how this on-going contact is organised. I think it’s fair that it gets to direct that. In my view it is best placed to manage staffing and contact requirements, including whether any update it has to give is important, such that placing it in writing is the most appropriate form of communication.

### Compensation

*“To provide some context Mr J and Miss L were out of their home in 2020 until May 2021. They’d been home about a month when the second flood occurred (in June 2021), highlighting the poor repairs from the first claim. The flood wasn’t Lloyds’ fault – but the poor work it highlighted, and which then needed rectifying, was. And a number of rooms were affected by the poor work, with rectification involving extensive replastering.*

*Mr J and Miss L didn’t move out of their home again in 2021. They lived in it whilst the problems with the electrics were identified and the rectification works were completed. I think it’s fair to say the home was not uninhabitable at that time (it had basic facilities). But I think it was inconvenient and upsetting for them to remain there. After all, if Lloyds had not completed poor work they would not have had to live in dusty conditions amongst boxed belongings whilst moving items around to facilitate work as well as some standard of normal living. Importantly, but for some small disruption from the second relatively minor flood, if Lloyds had done work to a good standard prior to July 2021, they wouldn’t have subsequently been experiencing those conditions. Rather they would have been living ‘normally’ in the second half of 2021 and the first of 2022. I accept that was extremely, frustrating, worrying, inconvenient and stressful for them. And that they were affected by this for a number of months. With various visits, assessments, work and enquiries having to be made, to rectify the matter. It was in summer 2022, prior to the rework concluding, that renewal of cover for the following year was refused by Lloyds.*

*In its September 2022 FRL Lloyds offered £2,200 compensation for upset caused in respect of electrics and its other poor work. It also offered £100 in an August 2022 FRL for the upset caused by its refusal to renew.*

*In respect of the September compensation, whilst it’s not unusual for me to consider complaints like this one, I don’t often see insurers offering compensation at this level. For me that tells me that Lloyds took this seriously – that it accepts it had caused a lot of upset to Mr J and Miss L which could have been avoided. I think the level of the offer also shows that Lloyds recognised that its errors caused more and significant work to be needed at a time when the first claim should have been finished. Which would have meant the upset they felt was exacerbated. I think this level of offer by Lloyds shows that it genuinely wanted to try and set matters right. I do think it’s a fair and reasonable sum and I don’t intend to make Lloyds pay more.*

*I'm not persuaded though that Lloyds applied that same reasonable logic when it considered Mr J and Miss L's complaint about renewal. Renewal was refused due to further mistakes having been made by Lloyds and a lot of effort was expended in getting that sorted. With Mr J and Miss L having been caused worry by the refusal because, in the context of their open claims, they'd have at least found it difficult and costly to get cover elsewhere. With buildings insurance at least being a condition of their mortgage. I think a total of £500 compensation is fairly and reasonably due."*

I note Mr J and Miss L's request for increased compensation to be awarded (a further £2,800). But also that in requesting this they've explained this will help take into account the distress and inconvenience they experienced after the 2 September 2022 FRL with on-going electrical issues. As my above paragraphs on compensation show – my findings in this decision about upset caused, focus on what happened up until the 2 September 2022 FRL. For the distress and inconvenience caused by Lloyds' poor work between 13 July 2021 until 2 September 2022, I remain satisfied that £2,200 compensation is fair and reasonable. I won't be requiring Lloyds, in this decision, to pay anything more in this respect.

### Summary

Having reviewed everything, the parties' responses haven't given me cause to change my findings provisionally stated. I remain of the view that Lloyds failed Mr J and Miss L, that, to some extent it has accepted that, but that there remains more for it to do to fairly and reasonably put things right. As my views haven't changed, my provisional findings, along with my additional comments here, are now the findings of this my final decision.

### **Putting things right**

I require Lloyds to:

- Pay Mr J and Miss L £429.00, plus interest\* applied from 24 October 2022 until settlement is made.
- Consider quotes for replacing (supply and fitting) the inner porch door.
- Pay Mr J and Miss L £300 to settle their claim for additional plastering costs for one wall.
- Contact Mr J and Miss L with an update on its recovery activity as soon as there is news or, in any event, one month from the date of my final decision (should it remain the same and be accepted). With updates at least every month after that, unless there is news to be given in the interim, and until a decision on recovery is made. If the decision is to not pursue recovery, that will be the final update for Lloyds to provide. If recovery is to be pursued, then regular monthly updates whilst that is on-going should be given.
- Provide a summary of its claim outlay, detailing what sum has been "set aside".
- Pay Mr J and Miss L a total of £500 compensation for the upset caused by its erroneous refusal to renew, (where £100 has been offered already but not paid).

\*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Lloyds to take off tax from this interest. If asked, it must give Mr J and Miss L a certificate showing how much tax it has taken off.

### **My final decision**

I uphold this complaint. I require Lloyds Bank General Insurance Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J and Miss L to

accept or reject my decision before 16 February 2024.

Fiona Robinson  
**Ombudsman**