

The complaint

Mrs P and Mr P complain about Lloyds Bank General Insurance Limited's handling of a claim under their home insurance policy.

What happened

The background to this complaint is well known to both parties, so I'll provide only a brief summary here.

Mrs P and Mr P have a home insurance policy underwritten by Lloyds which covers their property and its contents.

They made a claim in September 2018 relating to potential subsidence and standing water in their basement.

In April 2019, after carrying out preliminary investigations, Lloyds confirmed the claim was accepted. And in November 2019, Lloyds' loss adjusters confirmed the claim had been transferred to their repair team.

In September 2022, the water in the basement was removed. After carrying out an inspection, Lloyds' agents told Mrs P and Mr P that part of the claim wouldn't be covered as the issue was due to historic wear and tear.

In October 2022, the claim was transferred to another team. They initially told Mrs P and Mr P that they'd carry out only cosmetic repairs – and that they weren't addressing any underlying subsidence problem.

Lloyds' agents only agreed that more substantive works might be necessary after Mrs P and Mr P pushed back, reminding them that colleagues had earlier recommended such works.

In January 2023, Mrs P and Mr P made a complaint to Lloyds. At this point, no repair works had been carried out and there appeared to be no plan to address the issues.

The complaint raised a number of specific issues, including poor management of the claim, lack of progress, poor communication and customer service.

Lloyds responded in March 2023. They admitted there had been avoidable delays in progressing the claim. They also admitted poor communication and poor customer service. This included not providing copies of reports and other documents when they had been promised and wrongly informing Mrs P and Mr P that only cosmetic works were to be carried out.

They also said their loss adjuster had promised contact with Mrs P and Mr P every four weeks – a promise which had clearly not been met. That led to Mrs P and Mr P having to chase for updates on progress.

Lloyds admitted there had been four occasions when Mrs P and Mr P had been promised repair works would begin. Only for the works to then be postponed.

And they admitted it had been wrong to decline the part of the claim relating to the basement several years after the claim had been made and accepted. They undertook to make another site visit and discuss next steps with Mrs P and Mr P.

Lloyds paid £2,350 in compensation to Mrs P and Mr P for the trouble and upset their failings had caused.

Mrs P and Mr P weren't happy with this response and brought their complaint to us. Our investigator looked into it and thought Lloyds needed to do more for Mrs P and Mr P.

He said Lloyds should pay an additional £300 in compensation, because there were some additional unnecessary delays on top of those already admitted by Lloyds. And he said Lloyds should now treat the claim as a priority.

Lloyds agreed with our investigator's view, but Mrs P and Mr P did not, and they asked for a final decision from an ombudsman.

It's their view that the compensation suggested by our investigator isn't sufficient given the amount of stress and anxiety the poor handling of the claim have caused them.

They also believe that, given Lloyds – and/or their agents – poor track record so far in dealing with the claim, our investigator ought to have been much more specific in terms of what he expected Lloyds to do now with the claim, rather than simply ask them to prioritise it.

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.

Claims relating to subsidence can be complex and difficult to resolve. Time sometimes needs to be taken to monitor movement in the property and to ensure that the causes of that movement are fully understood and addressed.

This claim also involves the water appearing in the basement, which may or may not be connected to the other problems.

And it has involved some uncertainty because of the presence of a manhole in the property's conservatory. That's meant Lloyds' agents have had to interact with the local water authority to determine who is responsible for what – and exactly what works are permissible.

However, there can't be any doubt that this claim has been handled very poorly. There are long periods of delay where nothing appears to be happening at all. Communication with Mrs P and Mr P, who are understandably very keen to have things resolved given the circumstances, has been extremely poor.

Promises made to Mrs P and Mr P haven't been kept. Repairs have been promised – on several occasions – and then haven't commenced.

I won't go into great detail, primarily because Lloyds have fully admitted their – or their agents' – failings. But suffice to say that by the time Mrs P and Mr P complained to Lloyds, the claim was nearly five years old, no repairs had commenced and there appeared to be no plan for progressing matters.

In brief, it appears to me that no-one at Lloyds or their agents has taken responsibility for getting to grips with the issues at the property and setting out a way forward. When Mrs P

and Mr P have pressed for information and/or next steps, site visits have sometimes followed, but those have not resulted in any action – or any clear plan about how to proceed.

I won't labour the point, but I will say that I completely understand Mrs P and Mr P's frustration and anger at the way they've been treated during the course of this claim so far.

Putting things right

When they responded to Mrs P and Mr P's complaint, in mid-March 2023, Lloyds – to their credit – admitted that the service Mrs P and Mr P had received was far from the standard they'd expect. And they offered £2,350 in compensation.

Lloyds were quite specific about where they felt their – or their agents' – failings lie. Our investigator identified some other delays which Lloyds hadn't really accounted for in their response to the complaint. And he felt that if those were taken into account, the compensation should be increased by a further £300.

I agree that £2,650 in total is fair and reasonable compensation for the trouble and upset caused to Mrs P and Mr P up until the time of Lloyds final response letter to their complaint.

In my view, that reflects the degree of *additional* stress and anxiety Mrs P and Mr P have experienced as a result of Lloyds' failings.

I bear in mind, of course, that Lloyds didn't cause the subsidence and/or other issues at the property – and dealing with that situation was always going to be stressful for Mrs P and Mr P.

Lloyds aren't responsible for all of that. But they are responsible for that stress being exacerbated by the avoidable delays, the poor management of the claim and the poor communication and service they've have admitted to.

I should stress that the compensation I'm awarding here is to cover any trouble and upset experienced by Mrs P and Mr P up until the time of Lloyds' final response letter to their complaint (in mid-March 2023).

If there are further delays and/or other failings on Lloyds' part from that point onwards, Mrs P and Mr P would be entitled to make a further complaint to Lloyds - and then to us if they aren't satisfied with Lloyds' response.

I also agree with our investigator that Lloyds should now treat this claim as a priority and bring things to a satisfactory solution as soon as practically possible.

Our investigator was right to point out to Mrs P and Mr P that it's not our role to step in and act as a substitute claims handler or loss adjuster for the claim going forward. Nor can we supervise or monitor Lloyds' handling of the claim from here on in.

In essence, our role is to look into whether things have gone wrong as a result of a business's failings (to date). And then to decide how those existing errors of failings can be put right.

That means I can't direct the future handling of the claim in detail. However, I can comment here on what we mean when we say Lloyds should treat this claim as a priority. And I understand Mrs P and Mr P's concern that progress may be slow unless we are more specific about what we think Lloyds need to do now to treat this case as a priority.

As I've said, if Mrs P and Mr P are unhappy with the handling of the claim going forwards, they'd be entitled to make another complaint.

But, as a minimum, in order to be seen to be treating the case as a priority, I think Lloyds might reasonably be expected to do the following.

One – provide Mrs P and Mr P with copies of all of the documents and/or reports (including site visit reports) they've requested. I'm aware Lloyds' agents say they've provided some or all of these previously, but Mrs P and Mr P say they haven't received some of them. So, Lloyds should contact Mrs P and Mr P, clarify which reports and/or documents they haven't received, and provide them with a (further) copy as soon as possible.

Two – address Mrs P and Mr P's concerns about the water in the basement. Lloyds should explain in full why they think the water isn't foul water and/or otherwise a danger to health – and why they think the water isn't causing further damage to the property. If Lloyds don't have answers to those questions right now, then another site visit may be necessary as soon as practically possible.

Three – explain to Mrs P and Mr P what they believe is causing the water to appear in the basement – and what they propose to do about it. If they can't answer those questions now, they will need to carry out further inspections / investigations as soon as practically possible. And ensure that those investigations bring them to a conclusion – and to a plan of action – which they can share with Mrs P and Mr P.

Four – ensure that their earlier promises about regular contact with Mrs P and Mr P are kept throughout the rest of the life of the claim.

Five – put together a plan of action and timetable to deal with all of the issues at the property (including the basement, the conservatory and the cracking in the rest of the house). And share that with Mrs P and Mr P as soon as practically possible. If there are any dependencies within that plan – especially if Lloyds are relying on other parties for action – these should be made very clear to Mrs P and Mr P.

In short, someone at Lloyds – or their agents – needs to get to grips with this claim, determine the causes of the damage and set out a plan to deal with them and make any necessary repairs.

If that doesn't happen – as a priority and as soon as practically possible – then Mrs P and Mr P will be entitled to make a further complaint and may be entitled to further compensation.

My final decision

For the reasons set out above, I uphold Mr P and Mrs P's complaint.

Lloyds Bank General Insurance Limited must:

- pay Mrs P and Mr P a further £300 in compensation for their trouble and upset;
- treat Mrs P and Mr P's claim as a priority, in line with the directions set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 30 August 2024.

Neil Marshall
Ombudsman