

The complaint

Ms C complains about Lloyds Bank General Insurance Limited (Lloyds) handling and settlement figure offered, for her claim under her home insurance policy.

Any reference to Lloyds includes its agents.

What happened

I don't propose to outline the full details of the complaint, as both parties are aware. But I'll focus on the main facts that are in issue.

Ms C held a home insurance policy with Lloyds. On 18 July 2023, Ms C made a claim following a fire to an adjoining property, which caused fire damage to her property.

Ms C's main issues of her complaint was the way in which Lloyds handled her claim (namely the poor quality of the work carried out by Lloyds) and the amount it offered by way of settlement. As to the settlement, Lloyds initially offered Ms C £32,000, which Ms C said was a lot lower than the average quotes she had obtained for the work, which were over £100,000.

Lloyds sent a surveyor who completed a scope of works. Based on this scope of works, Lloyds increased its settlement offer to £70,910.22 plus VAT. Ms C didn't agree with this figure, she said the minimum she would accept was £100,000.

Ms C also complained about the alternative accommodation (AA) cover limit. She said she had been repeatedly told by Lloyds the limit for the AA was £50,000, only for Lloyds to reduce this limit to £30,000. This placed a lot of stress and inconvenience on Ms C. And she felt Lloyds caused delays in progressing the claim. She would like Lloyds to reinstate the original £50,000 limit, it had previously told her, to prevent potential homelessness.

Ms C raised a complaint with Lloyds on these points. In its final response, Lloyds acknowledged Ms C's concerns and agreed to attend Ms C's home to inspect the quality of the workmanship, review any damage and scope the work.

Ms C remained unhappy and referred a complaint to this Service. An investigator considered the complaint and didn't think it should be upheld. She said based on the information reviewed, she didn't think Lloyds had acted outside of the policy terms and conditions when it considered the cash settlement. She also said the AA offered was as per the policy limit of £30,000, which she felt Ms C had been made aware of by Lloyds.

Lloyds accepted the view, Ms C did not. She maintained Lloyds handled her claim poorly and caused delays which impacted her. She said it had stopped paying for AA and she was struggling to find alternative accommodation. As the matter couldn't be resolved, it has been passed to me for a decision.

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 don't uphold this complaint, for much the same reasons as the Investigator. I understand this will be a disappointment to Ms C, but I hope my findings go some way in explaining why I've reached this decision.

What we decide in a matter like this, is whether the insurer has acted fairly in accordance with the terms and conditions of the policy, which set out the agreement between the parties considering all available evidence. I should point out we are unable to tell an insurer how much a claim ought to be. But we would expect it to carry out a fair assessment of the claim and return the property to its pre-loss state.

The policy terms allow for Lloyds to settle claims based on what it would have cost Lloyds to repair, replace or rebuild any part of the home:

'Where we use suppliers, we might get discounts. We will use their cost 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 understand Lloyds initially offered £32,000, which Ms C didn't agree with and she requested a cash settlement. It then agreed to attend Ms C's home, scope the works needed and offered an increased revised offer of £70,910.22 plus VAT. I appreciate this was on Lloyds' scope of works, but I can also see Lloyds invited Ms C and her contractor to attend whilst the scope was being carried out. I can't see they attended during this time, even though there is information indicating Ms C was aware when the visit would take place.

I note Lloyds queried the quotes Ms C obtained stating they far exceeded what it would've expected. It also said there were items included in the quotes which amounted to renovation of the property. For instance, new windows in many of the rooms, which Lloyds said weren't part of the claim, as they weren't affected by the fire. I haven't seen any information from Ms C which is contrary to this. So, I'm persuaded the scope of works complied by Lloyds included all work that was claim related.

Having reviewed what Lloyds did once Ms C had voiced her concerns regarding the scope of works, I'm satisfied it was fair to have attended Ms C's home, scoped the works again and increased the settlement figure it offered. The increase included further work to the kitchen, bedroom, and re-decoration. I can see Lloyds followed the recommendations from the surveyor who scoped the work.

I appreciate Ms C said the minimum amount she would accept as a settlement would be £100,000. But I haven't seen any information from Ms C as to why the revised scope didn't include all claim related work.

I've next considered the roof repair issue Ms C raised. I note she said the entire roof was required to be replaced and the cost of this would be £20,000. However, following the reinspection visit, Lloyds said the roof would need some repairs to the finishing edge and weatherproofing. It didn't agree the entire roof required replacing and it allowed for these repairs in the revised scope of works. I haven't been provided with evidence from Ms C as to why the entire roof needed to be replaced. Based on what I've read, I'm satisfied Lloyds acted in line with the policy terms and conditions, by reinspecting the property, compiling a scope of works, and offering a settlement figure in line with the surveyor's recommendation.

Turning to the AA limit, Ms C said she was told by Lloyds the limit would be £50,000, so I've had a look into this.

The policy Ms C held provided a policy limit of £30,000 for AA. The schedule which I've read, indicates this limit on page six. We would expect insurers to pay up to the policy limit for AA. Ms C said she was told by Lloyds the limit was £50,000 and she would like the AA to be kept at £50,000.

I've seen the communication between Ms C and Lloyds. On 20 July 2023 Lloyds originally stated the limit would be £30,000. This sum was further advised on 24 July, to which Ms C confirmed she understood the limit to be £30,000 and the AA was chosen with this limit in mind.

On 14 September, Lloyds reminded Ms C about the same £30,000 limit for the AA. However, six days later Lloyds advised Ms C about the incorrect limit (£50,000). I haven't seen Ms C query this with Lloyds. But I note the AA selected was found well before the incorrect figure was given. In addition, as the policy documents clearly outline the limit, we would expect policyholders to be aware of it. So, whilst I accept Lloyds gave the incorrect information on the amount once, I don't think it would be fair for it to be held to that amount, given it hasn't impacted the choice of AA that was taken.

Ms C complained there were unavoidable delays during the claim, and this meant the AA limit would be reached before the works were completed. But Ms C hasn't provided any information as to where the delays arose. So, I reviewed the timetable of the claims journey and I'm unable to identify any unavoidable delays. For instance, if Lloyds failed to progress the claim in a timely manner or failed to instruct its agent as it ought to.

I note Lloyds had on occasion, asked Ms C for further information which wasn't responded to, and this might've affected the progress. Also, Lloyds initially gave an offer that wasn't acceptable to Ms C. But, it was proactive in addressing her concerns by instructing a surveyor and promptly increasing the settlement offer, in line with its surveyor's scope of works. So, based on what I've read, I can't agree Lloyds caused unavoidable delays. Consequently, it wouldn't be fair or reasonable for me to direct Lloyds to increase the AA policy limit.

Overall, I think Lloyds dealt with Ms C's claim fairly. I'm satisfied it acted within the policy terms and conditions in applying the AA policy limit. I also think the settlement offer was fair in the circumstances. I understand this won't be the outcome that Ms C would've liked, but I can't reasonably ask Lloyds to do anything further to resolve this complaint.

My final decision

For the reasons as outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 9 May 2024.

Ayisha Savage
Ombudsman