

The complaint

Mrs M complains about Lloyds Bank General Insurance Limited's (Lloyds) handling of a subsidence claim made under her home insurance policy. Mrs M also complains that she's been overcharged by Lloyds for her home insurance.

Mrs M is being represented in this complaint by a relative who has been handling the claim and complaints on her behalf.

What happened

Mrs M has a home insurance policy with Lloyds. In January 2022 Mrs M's neighbour started building an extension and cracking was discovered in Mrs M's property, so she contacted Lloyds.

Lloyds arranged for a loss adjuster to attend and inspect the damage. The loss adjuster concluded there was subsidence damage, but they said the cost of repairing the damage would fall below the £1,000 policy excess, so the claim was declined in February 2022.

Following contact from Mrs M's representative, Lloyds reopened the claim in April 2023. Since then, investigations into the subsidence have continued but there has been limited progress on the claim.

Mrs M's representative has raised several complaints with Lloyds including complaints about their handling of the claim, the actions of the loss adjuster, delays, and poor communication. Mrs M's representative also complained that Lloyds had been overcharging Mrs M for her home insurance since 2001.

Lloyds issued several complaint responses. Across these, they accepted the claim hadn't been handled reasonably and offered a total of £725 compensation for this. They also offered a refund of some of the insurance premiums charged, 8% interest on the refunded amount, and a further £100 compensation for this.

Mrs M's representative remained unhappy and approached the Financial Ombudsman Service.

One of our investigators looked into things and initially upheld the complaint about Lloyds' subsidence claim handling. He said that following the claim being declined, Mrs M had obtained an expert report on the subsidence which concluded the cost of repairs would be more than the excess, so this showed Lloyds has unreasonably declined the claim. The investigator said that Lloyds had received this report in March 2022 and between then and when he was considering up to – August 2023, there had been no progress on the claim.

The investigator said that the relationship had broken down between Lloyds' contractor and loss adjuster and Mrs M and her representative, so he would've expected Lloyds to have appointed someone else.

So, the investigator upheld the complaint and recommended:

- An increase in compensation from £725 to £1450
- Reimbursement of the £630 Mrs M had paid for her expert report
- Accept the claim and carry out repairs
- Appoint another loss adjuster/contractor to handle the claim

Lloyds responded but they didn't agree. They said that Mrs M's report hadn't actually been received by them until April 2023, and the claim had been closed since March 2022 until they received that report. But Lloyds agreed to reimburse the cost of the report.

Lloyds also said that since receiving the report, they had already accepted the claim and started to progress matters with further investigations into the subsidence. But Lloyds said they couldn't appoint a different loss adjuster as the contractor appointed is their expert for subsidence claims, but due to the previous issues, they were overseeing things.

Our investigator asked Mrs M if she had any evidence of sending the report to Lloyds in 2022, but she was unable to provide anything to support this.

The investigator revisited things and issued a second assessment on the subsidence claim part of the complaint. He said that he'd previously recommended doubling the compensation to £1,450 based on his assumption that the report had been received by Lloyds in 2022 and as no progress had been made, this equated to around 15 months of unreasonable delays.

But, having revisited things, the investigator said there was no evidence of the report being sent, or received by Lloyds, prior to April 2023. Therefore, he said he couldn't hold Lloyds responsible for delays from March 2022 to April 2023. Consequently, he said that the £725 already offered by Lloyds for their claim handling was fair and he wouldn't be increasing this. The investigator also said Lloyds had now agreed to reimburse the cost of Mrs M's report, and keeping the same contractor involved, but overseeing this, was reasonable.

Having revisited things, the investigator said he wouldn't now be asking Lloyds to do anything further beyond reimbursing the report which they'd now agreed to do. He also reiterated that if Mrs M or her representative were unhappy with anything that happened after 14 August 2023, they'd need to raise this as a new, separate, complaint with Lloyds.

Mrs M didn't agree, so the case was progressed to the ombudsman stage for a final decision. However, before the complaint was ready for consideration by an ombudsman, the investigator also needed to consider the overcharging part of the complaint that he hadn't addressed, as this was also addressed by Lloyds during the time period he had considered.

The investigator looked at the premiums Mrs M was charged between 2001 and 2023. He noted that Lloyds had provided a refund of £839.10 of policy premiums, 8% simple interest totalling £516.57 (after tax deduction) and a further £100 compensation. He said what had been offered was fair, as this was the amount Mrs M had been overcharged by. He didn't recommend Lloyds do anything further.

As Mrs M and her representative remained unhappy overall, the complaint was passed to me for a final 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, whilst I appreciate it'll come as a disappointment to Mrs M and her representative, I've reached the same overall outcome as the end position reached by our investigator.

I'll start by confirming that I'm also considering the same period as our investigator, and that is from when the claim was made to 14 August 2023 when Lloyds issued a further complaint final response.

There are two separate issues I'll be considering here in my final decision. These are, the subsidence claim, from when it was made in January 2022 to 14 August 2023, and the insurance premiums charged between 2001 and 2023.

The subsidence claim

Mrs M's representative has raised a number of concerns about Lloyds' handling of Mrs M's subsidence claim. This includes the claim decision originally reached, the actions of the loss adjuster and others involved, communication issues, that she was pushed towards a legal expenses claim rather than claim under her home insurance and extensive delays.

However, I don't intend on commenting on every event, communication or concern raised. Instead, I'll focus on the key points I think are important in reaching a final decision which is fair and reasonable in all the circumstances of the case. I don't mean this as a discourtesy to either party, instead it reflects the informal nature of this service and my role within it. But I'd like to reassure both parties that I've considered all the information they've provided when reaching my final decision.

It's not in dispute that the claim (for the period I'm considering - up to 14 August 2023) wasn't handled in line with Mrs M's reasonable expectations. Lloyds already accepts that and has paid compensation for their claim handling totalling £725 across the complaint responses issued on 13 April (£200), 17 July (£425) and 14 August (£100) 2023.

In these, they outlined, and accepted:

- The claim shouldn't have been declined, and monitoring should be carried out to establish if the issue is getting worse
- There had been poor communication and call backs didn't happen as they should've
- Documentation was sent to Mrs M rather than to her representative, and wasn't in large print when needed
- Whilst Lloyds wasn't able to listen to a call Mrs M's representative complained about, they apologised if their supplier didn't handle this as they would've expected
- The subsidence supplier hadn't handled things to the level Lloyds would've expected, and whilst Mrs M had provided her own report, the supplier would still need to attend and assess the damage
- They explained that whilst Mrs M's representative was unhappy the person who attended after the claim was accepted wasn't qualified to determine the cause of the damage, their role was solely to install monitoring equipment as part of the subsidence investigations
- There were delays in responding to the complaints
- They were unable to progress things until Mrs M made arrangements for investigations to go ahead

As mentioned, I don't intend on commenting on everything that happened during the claim and have briefly summarised some of the key points above. Lloyds doesn't dispute that their claim handling fell short, it shouldn't have been declined originally and this is why they've paid £725 compensation across the claim and complaints (up to 14 August 2023).

Mrs M says that Lloyds had caused excessive delays in the claim as there has been no progress on it since she sent them her expert report in 2022 and they didn't agree to look at things again until April 2023. However, I've reached the same outcome on this as our investigator ultimately reached.

Lloyds declined the claim in February 2022. Mrs M says she then sent them her own expert report obtained in March 2022, shortly after, and she says she sent this more than once. But Lloyds say they didn't receive this until April 2023, and when they did, they then reopened the claim based on that new evidence they'd received.

Mrs M's representative hasn't been able to provide any evidence to show the expert report was sent to Lloyds in March 2022. She has said this was sent more than once and was also submitted via the claim's portal. However, Mrs M hasn't been able to provide any evidence to support that, and Lloyds, having checked their own and their supplier records, hasn't been able to locate any evidence this was received prior to when it was later sent and received in April 2023.

In the absence of any evidence to support it was either sent, or received in 2022, I can't hold Lloyds responsible for not considering this prior to when they then later received it in April 2023. Consequently, I can't reasonably award additional compensation for delays based on this time period.

Lloyds has agreed to reimburse the £630 cost of this report, now they've been sent a copy of the invoice by our investigator which they'd not seen before. I think that's fair and reasonable in the circumstances.

Mrs M's representative has also said that Lloyds tried to force Mrs M down the legal expenses claims route rather than making a claim under her home insurance at the outset. However, it appears at that time it was thought the claim would be declined, so it seems this was suggested as an alternative to pursue the neighbour who had caused the damage to Mrs M's property when completing building works. And if the claim was declined under the insurance policy at that time, I don't think that was an unreasonable suggestion as an alternative way for Mrs M to pursue matters.

Since the claim was reopened in April 2023 to 14 August 2023 when I'm considering, it does appear there hasn't been much progress. But it does seem that there have been some issues with gaining access and some miscommunication. It's clear that there has been a breakdown in trust and relationship between Mrs M's representative and Lloyds' supplier. But this supplier is the one Lloyds uses for subsidence claims. Lloyds also says that they will oversee things, to try to ensure a smoother claims journey and I don't think this is unreasonable.

As explained, I can't hold Lloyds responsible for the time period between when they declined the claim, and when they received the report in April 2023 and reopened the claim. And Lloyds has already offered £725 compensation for where things have gone wrong outside of, and since that. Having considered all the information provided, for what happened to 14 August 2023, I don't think this amount of compensation is unreasonable, so I won't be directing Lloyds to pay additional compensation on top of this.

Insurance premiums

Mrs M's representative complains that Mrs M has been overcharged for her insurance policy with Lloyds since 2001.

Lloyds investigated this and upheld the complaint. They agreed Mrs M had paid a higher premium than she should have from 2009 to 2014, and 2016 to 2017. Lloyds subsequently agreed to refund the extra premiums charged during this time totalling £839.10, with 8% simple interest added totalling £516.57 (after tax deduction) and an additional £100 compensation.

Lloyds has provided this service with a breakdown of how they've calculated the premiums. I can't share this in detail as it is commercially sensitive. But I've checked this, and I'm satisfied what Lloyds has offered to refund is fair and reasonable in the circumstances.

For conciseness, and because Mrs M and her representative have already been presented with this detailed information by our investigator, I won't list each premium charged yearly over the last 23 years, or the corresponding associated refunds.

Historically, insurers would offer new customer discounts for taking out a policy and would seek to recoup this in the following renewal years. In 2022 the regulator introduced new rules which say an existing customer shouldn't be paying more than new customers.

When considering complaints about insurance premiums increasing over a long period of time, we consider when an insurer ought to have realised a customer might not be engaging or shopping around, usually after four renewals. However, it isn't unreasonable for a price to increase over time, taking into account things such as increase in costs or if claims, or policy changes are made.

Between 2001 and 2006 Lloyds charged Mrs M in line with how they would have charged other customers in recouping discounts and covering costs. So, I think this was fair.

I also understand that there was a theft claim made in 2002, an attempted claim for theft in 2004, and an escape of water claim in 2010. This would have impacted on the renewal premiums in the years immediately following these.

Lloyds has retrospectively calculated what they should've charged from 2009 to 2017 which included the escape of water claim. I won't list that in full detail for each year during this time as this has already been explained to Mrs M's representative by our investigator. Ultimately this resulted in a refund across that period of £839.10. Having seen the calculations, I think this is fair and reasonable. And Lloyds has also added 8% simple interest to this totalling £516.57 (after tax deduction) for Mrs M being deprived of those funds during that time.

From 2018, Lloyds has explained that Mrs M was quoted what it would've been for other customers, and discounts were also applied in most years to reduce that premium too.

Overall, I'm satisfied Lloyds has acted fairly by refunding the premiums that it has totalling £839.10, adding 8% simple interest totalling £516.57 (after tax deduction), and paying an additional £100 compensation.

My final decision

Lloyds Bank General Insurance Limited has already made several different offers to settle the complaint as outlined below, and I think these are fair in all the circumstances.

So, my decision is that Lloyds Bank General Insurance Limited need to:

- Pay the £725 compensation offered for the subsidence claim handling (if they haven't already done so)
- Reimburse £630 for Mrs M's expert report (if they haven't already done so)
- Refund £839.10 of policy premiums (if they haven't already done so)
- Pay 8% simple interest totalling £516.57 (if they haven't already done so)
- Pay £100 compensation for the premiums part of the complaint (if they haven't already done so)

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 21 June 2024.

Callum Milne
Ombudsman