

## **The complaint**

Mr W and Mrs W complain Lloyds Bank General Insurance Limited ("Lloyds") unfairly declined a claim made on their home insurance policy.

Any reference to Lloyds includes the actions of its agents. As Mr W is leading on this complaint, I've referred to him throughout my decision.

## **What happened**

The circumstances of this complaint are well known to both parties, so I've summarised events.

Mr W has a home insurance policy which is underwritten by Lloyds. He made a claim on the policy when his wife's wedding ring and engagement ring were lost. Mr W said his wife removed the rings whilst cooking, and having searched the house for them, concluded they'd most likely ended up in the rubbish bin by mistake, which had been disposed of.

Lloyds declined the claim saying Mr W's policy only covers items within the home in specific circumstances. It said items "lost" within the home wasn't one of the insured perils and so, it couldn't cover the claim.

It said that whilst Mr W had specified one of the rings – owing to its value – *that* cover was in respect of items "*away from the home*". And as the ring had been lost at home, there was no cover under this section of the policy either. Mr W complained but Lloyds maintained its position.

Unhappy, Mr W brought a complaint to this Service. Whilst the complaint was with us, Lloyds realised the specified ring hadn't been removed from the policy, so it offered to: remove the specified ring from the policy schedule from the day after the claim; refund any overpaid premiums and adjust upcoming premiums; pay 8% interest on any refund; pay £50 compensation for the inconvenience this caused.

An Investigator shared Lloyds' offer with Mr W. He accepted the offer in part but remained unhappy, saying it was a separate matter to the complaint he'd made about the declined claim.

The Investigator considered Lloyds' offer, and Mr W's concern about the declined claim. She was satisfied the offer was fair in the circumstances. And she explained the policy didn't cover the circumstances in which Mrs W lost her rings.

Mr W remained unhappy and so, the complaint has been passed to me for an Ombudsman's 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.

Insurers must deal with claims promptly, fairly and must not unreasonably decline a claim – as set out in the Insurance Conduct of Business Sourcebook (ICOB5). Mr W has referred to the Consumer Duty and I've considered how this might apply, along with other relevant rules and guidance when determining this complaint.

I'm aware Lloyds has made an offer in respect of the policy schedule not being updated to reflect Mr W no longer needing cover for the specified ring after it had been lost. This, however, wasn't the complaint Mr W brought to this Service – his complaint was about the declined claim – and so, I'm not commenting on whether I consider it to be fair. Mr W should contact Lloyds directly if he wishes to accept this offer.

What remains for me to consider is whether Lloyds' decision to decline the claim was fair and reasonable. The starting point is the policy document, which in respect of contents insurance says:

*"This covers the things in your home. [...] It covers you against theft as well as damage caused by things like fire, smoke, storm or flood."*

Having read this, I'm satisfied the policy document makes it clear that contents in the home is covered against theft, and damage – caused by things like smoke, storm, or flood. Here, Mr W's wife's rings weren't damaged by an insured peril, nor were they stolen. They were instead lost within the home. Having reviewed the policy document, "loss" doesn't feature as one of the insured perils under this section of the policy. And so, as Mr W hasn't shown there's an insured event, I'm satisfied Lloyds' decision to decline the claim is in line with the policy terms.

One of the rings was specified under the optional "*away from the home*" section of the policy. So, I've considered whether Mr W has any recourse under this. The policy says:

*"We'll pay claims where contents [...] are lost or stolen whilst you or your family take them away from your home."*

The policy makes it clear that whilst "loss" is covered, it's only in respect of items *away from the home*. As Mr W's wife rings were lost *at home*, I'm satisfied Lloyds' decision that there isn't cover under this section of the policy is in line with the policy terms.

Mr W has said he faced barriers when making a claim and that his policy hasn't performed as it should have - as he considers his claim to have been unfairly declined. When deciding what's fair and reasonable, I've thought about the obligations placed on Lloyds by the Consumer Duty. Having done so, I don't find this makes a difference to the decision I've reached. I'll explain why.

Whilst firms have to deliver good outcomes for retail customers, this doesn't mean insurers must accept every claim. Ultimately, the claim still has to be considered in light of the policy terms and specific circumstances of the claim. So, whilst I appreciate Mr W is unhappy his claim hasn't been covered, I'm satisfied, having reviewed the policy terms and circumstances of the claim, Lloyds' decision to decline it was fair and reasonable in the circumstances.

I'm aware Mr W says he wasn't able to get in touch with Lloyds as quickly as he wanted with regards to the claim. Based on the evidence I've been provided with it seems communication could have been smoother. But I'm not persuaded this was to such a degree that compensation is warranted here, or that it impacted the outcome of the claim.

I appreciate my decision will be disappointing for Mr W. Understandably, losing rings of

significant sentimental value is upsetting. But for the reasons set out above, I'm satisfied Lloyds' decision to decline the claim was both in line with the policy terms and fair and reasonable in the circumstances.

### **My final decision**

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 22 August 2024.

Nicola Beakhust  
**Ombudsman**