

The complaint

Mr C complains about the way Lloyds Bank General Insurance Limited handled a claim he made on his home insurance policy.

What happened

Mr C had an issue with water in his property. In July 2023 he contacted Lloyds to make a claim on his home insurance policy. When making the claim he told Lloyds he'd been without running water in the property since January 2023. He said his water company had been trying to resolve the issue.

Lloyds accepted the claim and it restored water to Mr C's property in November 2023, but Mr C complained about the time it had taken for matters to be resolved, and that he'd been without water to his property for an extended period of time. He also wanted Lloyds to reimburse him what he'd paid for a new boiler; he considered it had stopped working due to the issues with water coming into the property.

Lloyds said it recognised it hadn't handled matters as promptly as it should have done, so it offered £650 compensation. Unhappy with Lloyds' response, Mr C brought his complaint to the Financial Ombudsman Service.

Having done so, Lloyds said it wanted to increase its compensation offer to £1,000. It also said whilst Mr C had notified it that he was without running water at the property, he wasn't offered alternative accommodation, as he should have been. So it said it would pay Mr C a disturbance allowance of £10 per day between 21 July 2023, when he registered the claim, until water was restored to the property on 2 November 2023. It also said it would reimburse Mr C what he'd paid to buy bottled water for his dogs, if he was able to confirm the number of bottles used per day and the cost of each bottle. Lloyds said it would add 8% simple interest onto this amount from the date of the claim until the date of settlement.

After the complaint came to this Service, Mr C said Lloyds had paid for his replacement boiler, so that issue was resolved. But he wouldn't accept Lloyds' offer to resolve the complaint, so our Investigator looked into matters.

Our Investigator didn't think £1,000 compensation was enough to reflect the unnecessary distress and inconvenience Mr C had been put to, because of Lloyds not offering him alternative accommodation. He thought this had caused sustained disruption to Mr C's daily life, so he thought Lloyds should pay £2,000 compensation, plus the other amounts it said it was willing to pay.

Lloyds agreed to our Investigator's outcome, Mr C didn't. He said he reported the issue with his water in January 2023 but was told he couldn't make a claim. So he said £2,000 wasn't enough compensation given he'd been without running water for 11 months.

Our Investigator put this to Lloyds; it said its first record of Mr C's contact was in July 2023, it didn't think it had told him he couldn't raise a claim in January 2023. Our Investigator asked Mr C for any evidence he had that he'd raised an earlier claim. Mr C provided some emails in response to that query, but all of them were sent to Lloyds after July 2023. Mr C requested an Ombudsman review matters, so it has now come to me to decide.

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.

Lloyds has already accepted it didn't handle Mr C's claim as it should have, so I'm not going to repeat its failings here. Mr C says more compensation should be paid as he notified Lloyds of the issue in January 2023, and it said a claim couldn't be made. I accept it's possible Mr C did this, but I don't think that's most likely, based on the evidence I've seen. Lloyds has no record of any contact from Mr C in January 2023, and Mr C hasn't been able to provide anything in support of his claim that he was told by Lloyds, in January 2023 that he couldn't make a claim at that time.

Lloyds' claim notes from July 2023 say

"The policy holder advised they spoke with Home Emergency and they are unable to assist."

I've reviewed Mr C's policy schedule, his home emergency insurance is provided by a different insurer, not Lloyds. So whilst it's possible he spoke to that insurer in January 2023 and it refused to help, I'm satisfied Lloyds couldn't reasonably have been aware Mr C had issues with his water before July 2023. So I can't hold it responsible for not taking any action during this period, or for any distress or inconvenience Mr C suffered during this time period.

However, once Lloyds was aware of the issue, it should have assisted Mr C; it should have arranged alternative accommodation for him and his dogs. And in not doing so, it caused Mr C considerable distress and inconvenience. Considering how long I think the claim should have reasonably taken to be resolved, I think Lloyds caused unnecessary delays of around three months. Having reviewed our guidelines for awarding compensation, which is available on our website, I'm satisfied that £2,000 is fair to compensate Mr C for Lloyds' delays and poor handling of his claim between July and November 2023.

Mr C says if Lloyds had put him in alternative accommodation, it would have cost around £200 per day just for his dogs. So he feels the compensation should be higher.

I don't think a fair resolution to the complaint is for Lloyds to pay Mr C what it would have paid for his alternative accommodation (including to kennel his dogs), because that isn't money he's entitled to. Instead, it should provide a disturbance allowance to account for the additional costs Mr C will have incurred due to not having running water at the property. And Lloyds has offered to pay that between the date the claim was raised, and the date it reinstated the water. I don't think it's reasonable to ask Lloyds to pay this allowance between January and July 2023, because it didn't have an opportunity to carry out any repair under the policy during this period.

I also consider it fair for Lloyds to separately reimburse Mr C what he said he'd paid for bottled water for his dogs. I understand he has a large number of dogs at the property. I note Mr C hasn't confirmed, in response to Lloyds' request, how many bottles he used per day and at what cost. If Mr C doesn't provide this information to Lloyds within a month of my final decision being issued, it may wish to consider offering what it considers an appropriate sum for this, in order to conclude matters. If Mr C was unhappy with the sum calculated by Lloyds, he could raise a separate complaint to it about that.

As Mr C has told us his boiler costs have now being reimbursed to his satisfaction, I haven't considered this point any further.

My final decision

My final decision is that I uphold this complaint. I direct Lloyds Bank General Insurance Limited to:

- Pay Mr C £2,000 compensation.
- Pay Mr C £10 per day disturbance allowance between 21 July 2023 and 2 November 2023.
- Compensate Mr C for buying bottled water for his dogs between 21 July 2023 and 2 November 2023, once he tells Lloyds how many bottles he used per day and at what cost. If Mr C doesn't provide this information within one month of the date of this final decision, Lloyds should calculate an amount based on the information it has, to conclude matters. It should add 8% simple interest per annum on that amount from the date the claim was made, until the date of settlement.

Lloyds Bank General Insurance Limited must pay the compensation within 28 days of the date on which we tell it Mr C accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

If Lloyds Bank General Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr C how much it's taken off. It should also give Mr C a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 10 September 2024.

Michelle Henderson
Ombudsman