

The complaint

Miss S and Mr T complain Lloyds Bank General Insurance Limited hasn't dealt with a claim against their home insurance policy fairly.

What happened

The details of this complaint are well known to both parties, so I won't repeat them here. Instead, I will focus on the reasons for my 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.

Miss S and Mr T had a home insurance policy with Lloyds. Their home flooded. This caused damage to their home, an annex and two sheds. The crux of this complaint is how Lloyds is dealing with the contents in the annex. Lloyds says the annex is an outbuilding and so a policy limit of £5,000 applies. Miss S and Mr T say, broadly, the annex isn't an outbuilding, and so the policy limit of £5,000 doesn't apply. And they say the policy wording is unclear about how an outbuilding is defined, and unclear about how the policy limit applies.

The policy wording defines outbuildings as:

“Any fixed structures that aren't attached to the house, bungalow, flat or maisonette and which are at the address shown on your policy schedule. For example, garages, stables, greenhouses, sheds and summerhouses...”

The annex is a fixed structure at the address shown on the policy schedule. The word 'attached' isn't defined within the policy wording, but I think a reasonable consumer would consider it to mean connected or joined to the main property. The annex may have shared utilities with the main property, but it wasn't attached to it. While 'annex' isn't mentioned within the examples given, it doesn't follow that an annex is not an outbuilding. I'm satisfied Lloyds' decision to consider the annex an outbuilding is a fair and reasonable one.

The policy schedule sets out Miss S and Mr T's policy limits, amongst other things. Outbuildings cover is optional, and Miss S and Mr T had chosen to take it. For contents in outbuildings, it says the limit is £5,000. Miss S and Mr T say the wording is unclear because it could be read to mean £5,000 per outbuilding. I'm not persuaded by this argument as 'outbuildings' – the plural – is used throughout. I'm satisfied it was fair and reasonable for Lloyds to consider the annex contents against the £5,000 outbuildings limit.

Miss S and Mr T are dissatisfied with how other parts of their claim have been handled by Lloyds, notably with issues with the schedule of works and the need to undertake some works themselves. These are more recent matters which Lloyds haven't addressed. And I understand Miss S and Mr T didn't initially want our Service to consider anything other than their dispute over the annex contents. My decision is on that issue alone, as it will allow Miss S and Mr T to address their other concerns wholly later, should they choose to do so.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S and Mr T to accept or reject my decision before 11 November 2024.

James Langford
Ombudsman