

The complaint

Mr M complains that Lloyds Bank General Insurance Limited (“LBG”) didn’t provide a settlement for all items in his theft claim.

What happened

Mr M had buildings and contents insurance underwritten by LBG.

The background to this complaint is well-known to both parties. So I’ve set out a summary of what I think are the key events.

In 2019, a collection of pens and lighters was stolen from Mr M’s home. He claimed for these items and some furniture under his policy, and LBG accepted the claim. During its handling of his claim, Mr M raised six complaints. This decision addresses only those matters to which LBG responded in its final response letter, dated 9 October 2023.

In October 2022, LBG paid a settlement of £16,000 (figures rounded for ease) for Mr M’s lighters. Later that month, he challenged LBG’s settlement because it didn’t pay for the correct number of lighters in his claim. LBG said it based the amount on Mr M’s spreadsheet and it believed he had accepted the settlement. Communication continued over the following weeks.

LBG settled Mr M’s claim for his pens with a voucher issued by one of its suppliers. Mr M was unhappy with the voucher because he wanted LBG to replace the pens. LBG cancelled the voucher and asked its supplier to issue replacements.

In early December, LBG asked Mr M how he thought the claim should be settled. Because it didn’t receive a response to this or further requests, LBG closed the claim in March 2023.

Mr M said he didn’t hear anything more about the pens until he contacted LBG again in June 2023. The price of the pens had increased and the supplier asked him to contribute a little under £900 for the replacements. Mr M thought LBG should cover the cost increase because it had delayed replacing his pens. LBG disagreed because it had offered a settlement in 2022, and it was Mr M who had caused delays.

In August 2023, after exchanging numerous emails with LBG, Mr M complained that his full claim hadn’t been settled.

LBG issued its final response to Mr M's complaint in October 2023.

- It acknowledged some additional service failings and delays since it had compensated Mr M for his last complaint. In recognition of this, LBG paid a further £375 compensation.
- LBG told Mr M that it had paid a cash settlement for the furniture claim on a like for like basis, and it had investigated and responded to this in a previous complaint. LBG said there would be no further investigation.
- In response to Mr M's complaint about the pens, LBG said it made a fair offer based on the evidence he provided. It accepted that its supplier had caused some confusion with the voucher, and that there were some delays, but LBG said Mr M's delays also contributed. LBG said it made a settlement offer based on the pens' value at that time, and the increase in cost during the delay in Mr M choosing the replacement pens would not be reimbursed.
- LBG said it would not increase its settlement for Mr M's lighters. It confirmed that it had paid £16,000 and LBG said Mr M had accepted the settlement. While Mr M wanted LBG to pay for a further 200 or so lighters based on his list of prices, totalling around £180,000, LBG said he hadn't provided proof of ownership, valuations or documents to support the collection.

Unhappy with LBG's response, Mr M brought his complaint to us.

One of our investigators looked into Mr M's complaint and agreed that LBG hadn't handled it as well as it should've done. That said, our investigator thought LBG's payment of £375 to compensate Mr M for the service shortfalls and delays was fair in the circumstances.

In respect of the stolen items, our investigator thought LBG had settled the claim in line with the terms and conditions of the policy. While he accepted that LBG hadn't paid for all the items in Mr M's claim, he didn't think it was unreasonable for LBG to seek evidence of ownership. Therefore, our investigator didn't think LBG needed to do any more.

Mr M didn't agree. He provided a lengthy response to our investigator's view, including his opinion on various legal aspects of the way LBG handled his claim. In summary, Mr M said:

- Consideration had not been given to the claim handling from 2021.
- He had not caused any delays in the claim handling.
- Proof of ownership was not required for the pens, yet it was for the lighters.
- He did not agree with the way his furniture claim was settled.
- LBG's agent had taken photos of the lighters' boxes, display cases and brochures, amongst other things.
- It was unreasonable to expect him to have receipts from a collection built up over decades.
- LBG's claim handling had caused him significant emotional distress.

- Systemic issues in LBG's handling of his claim undermines trust.

Our investigator responded to Mr M's comments. He explained that it was not our service's role to investigate the systemic issues Mr M referred to. Further, our investigator briefly addressed the legal points, but clarified that our service is informal in nature. But, as Mr M hadn't agreed with the investigator's view, and he hadn't provided any further evidence despite being given additional time, the complaint was passed 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.

Having done so, I've decided not to uphold Mr M's complaint for broadly the same reasons as our investigator. The detail of Mr M's complaint has been shared with both parties, so I see no benefit in describing it all again here. Instead, I'll focus on the key points of complaint and explain the reasons for my decision.

Mr M correctly pointed out that LBG has certain obligations. The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably.

Delays

There's no dispute that there were delays in LBG's handling of Mr M's claim. I'm aware that Mr M received compensation from LBG for previous service failings and delays. To be completely clear, my consideration, here, is only in respect of the matters addressed in its final response of October 2023.

LBG paid Mr M £375 for its part in causing avoidable delays. I've considered the overall timeline of events, including the delays I can see Mr M caused albeit due to personal circumstances. It's clear LBG didn't progress the claim as it should've done on occasion, and it caused confusion at times. But I'm satisfied that LBG's payment is in line with the type of award I would've made, so I consider it fair and reasonable compensation for the avoidable delays it caused. I see no reason to ask LBG to pay further compensation.

Furniture

Mr M said LBG didn't settle his furniture claim fairly because it used its supplier's prices rather than his evidence of the value of the items. The policy sets out the detail of the contract between Mr M and LBG. I understand Mr M is aware that his policy allows LBG to settle the claim using its own supplier's costs where it can offer a repair or replacement, so I haven't included the wording here.

While Mr M may be dissatisfied with the saving that arrangement provides to LBG, and he is unhappy that LBG didn't take into consideration the quality of his furniture, I'm satisfied that it reasonably relied on expert opinion for determining the cost of replacement.

As LBG handled Mr M's claim in line with the policy, I'm not asking LBG to reassess his furniture.

Pens

Mr M said he didn't cause delays with the claim, therefore LBG should reimburse £885 to cover the increase in value of the replacements.

The evidence shows that Mr M didn't respond to LBG in respect of his choice of replacement pen. LBG made a mistake by issuing a voucher to begin with, but as Mr M wanted to have the pens replaced, he would've needed to take action. I'm sorry to hear that Mr M was experiencing personal difficulties at the time, but I can't hold LBG responsible for the change in price while it waited for him to choose the replacements.

I see no reason to ask LBG to reimburse the payment Mr M had to make towards the replacement pens.

Lighters

This appears to be the most significant part of the claim. The collection was clearly important to Mr M and he mentioned that it had built up over many years. I note he provided evidence for some of his purchases, and he provided photos of a number of lighters, display cases, boxes, pouches, and certificates. LBG paid for some of the lighters but it declined payment for those listed by Mr M and for which he didn't have evidence.

The policy allows LBG to seek evidence of ownership in the event of theft. I've noted Mr M thinks LBG has been inconsistent in its application of this wording because it didn't seek evidence for the pens. That may be the case, but it doesn't mean LBG must now accept every part of the claim without evidence. It was to Mr M's advantage, so I won't comment further on this inconsistency.

In respect of the evidence for the lighters, Mr M has clearly shown that he had a large collection. However, I haven't seen evidence that he demonstrated ownership of over 250 lighters during his claim. LBG is entitled to decline any part of the claim for which it hasn't received evidence of loss. Therefore, I don't find that LBG treated Mr M unfairly by paying for only those lighters for which he provided clear evidence.

Distress

I've thought about the emotional distress Mr M described. The theft happened in 2019, so it's understandable that he will feel some distress about the whole claim five years on. Mr M has made me aware of some personal circumstances which will undoubtedly be causing him the emotional distress he describes. And the loss of his collections – the insured event – will likely have been distressing in itself.

But, having considered the evidence relating specifically to LBG's actions, I'm satisfied that its compensation payment is a fair and reasonable sum to address any distress and inconvenience it caused during this period of his claim.

Conclusion

Overall, I find that LBG made some mistakes in its handling of Mr M's claim, and the evidence shows it was responsible for some avoidable delays. However, I'm satisfied that it acknowledged those shortfalls and compensated Mr M fairly.

This has been a long, drawn-out claim and I understand it will have been distressing for Mr M to lose his collections. LBG's responsibility to him was to handle his claim in line with the policy and, having considered the evidence, I'm satisfied it did so.

I'm not asking LBG to do any more.

My final decision

For the reasons I've given, my final decision is that I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 12 November 2024.

Debra Vaughan
Ombudsman