

The complaint

Mr D and Miss W complain Lloyds Bank General Insurance Limited ["Lloyds"] has unfairly declined a claim they've made on their buildings insurance policy following damage to the drains at their property. They're also unhappy with the service they received throughout the claim.

What happened

Miss W has raised this complaint on behalf of herself and Mr D, so I'll refer to her mainly throughout. References to her actions include those of Mr D.

Lloyds is the underwriter of this policy, i.e. it's the insurer. Part of this complaint concerns the actions of its agents for which Lloyds has accepted responsibility. Any reference to Lloyds includes the actions of its agents.

The background to this complaint is well known to the parties so I've only provided a summary of events here.

- Damage to the underground pipes at Miss W's property was discovered during investigations into a separate insurance claim related to subsidence. The claim for subsidence damage has been dealt with under another complaint considered by this Service.
- Miss W made a claim on her buildings insurance policy in December 2021 and Lloyds appointed an agent to investigate and manage the claim. Miss W says she didn't hear anything from the agents until she was contacted by a drain repair specialist in July 2022.
- A survey of the drains took place. Lloyds accepted part of the claim relating to three drain runs. But its expert attributed damage to the rainwater gullies to wear and tear and said this was excluded under the policy terms so the claim was partially declined. Miss W says Lloyds' communication of the outcome of the claim was poor and it didn't share expert evidence it had obtained. Miss W was unhappy with this and complained to Lloyds but it maintained its stance.
- Miss W raised a complaint with this Service. Initially our Investigator upheld the complaint but Lloyds presented further evidence which persuaded her the claim had been fairly declined. But she thought Lloyds claims handling had been poor and it had caused delays so she recommended it should pay £250 compensation to Miss W.
- Lloyds accepted the recommendation but Miss W didn't. She said Lloyds' claims handling and delays and their impact on her and Mr D justified a higher level of compensation. Her comments didn't change the Investigator's mind and so Miss W asked an Ombudsman to make a 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.

The relevant industry rules and guidance say insurers must deal with claims promptly and fairly, support a policyholder to make a claim, and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.

It's important I'm clear that, under this complaint, I'll only be considering Lloyds' actions and their impact on Ms W in connection with the damaged underground pipes claim. I won't be considering or making findings on its actions under the subsidence claim.

It's clear from correspondence that the claim has continued to progress after our Investigator issued her findings, but in this decision, I will only be considering what happened up to when Miss W raised this complaint with us, based on the evidence available at that time.

What does the policy cover?

- The starting point for my decision is what the terms of Miss W's policy say. The policy provides cover for *"Accidental damage to...underground drains, pipes or tanks providing services to or from your home and which you are legally responsible for"*.
- Accidental damage is defined as *"Sudden, unexpected and physical damage from an external identifiable source which has not been caused on purpose"*.
- This area of cover together with others such as fire, theft or flood are known as "insured events". It's a general principle of insurance that the onus is on the policyholder to show an insured event has likely occurred.

Was it fair for Lloyds to decline the claim?

- Lloyds appointed a drainage expert to investigate the damage and provide a report as to the cause. It's clear from the report there was physical damage to the rainwater gulleys for which Miss W is responsible. And there's no suggestion the damage was deliberate or that Miss W should have expected it.
- But Lloyds says the damage wasn't caused by something sudden but over time, through wear and tear.
- I've carefully considered the expert evidence which was available at the time and the commentary provided by Lloyds together with the photos included. These show rainwater gulleys in poor condition with gaps in the pointing which the expert says has allowed water to escape into the ground.
- In my experience, the damage appears consistent with damage that's happened gradually and I find the comments in this report persuasive. Based on the available evidence from the time and in the absence of opposing expert opinion suggesting an alternative cause for the damage, I'm satisfied on balance, it's more likely it was as a result of wear and tear than damage caused by a sudden and external identifiable source.

- Taking all I've said above into account, I agree with Lloyds it's unlikely the damage to the gullies met the policy definition of accidental damage in full. It follows Lloyds was entitled to decline the claim relating to this part of the damage.
- Miss W has recently questioned the expert evidence provided by Lloyds. But having considered the reports I've been provided with, I'm satisfied the findings contained therein are persuasive and I think it was reasonable Lloyds relied on them to reach its decision. For the reasons I've explained, I make no findings on anything that's happened subsequent to this complaint.

The impact on Miss W and Mr D

- Miss W has detailed the stress and anxiety she says has been caused by Lloyds' poor claims handling, poor communication and delays across the two claims. I was sorry to hear how she says Miss W and Mr D's lives have been impacted. Our Investigator has already told Lloyds to pay compensation on the other complaint so what I'm considering here is solely the impact of Lloyds' actions on the drainage claim.
- From my review of the claim, I can see Lloyds hasn't progressed things as promptly as I would have expected or in line with the expectations placed on it. For example, there was an unexplained gap in progress and communication from when Miss W reported the claim in December 2021 until July 2022 when Lloyds' drainage agents got in contact with Miss W to let her know the claim had been partially covered. But it took a further phone call to the drainage agent later the same month to be told three of the drain runs had been approved but the rest declined.
- Miss W says she didn't ever receive official confirmation from Lloyds or copies of expert reports despite chasing it on multiple occasions. Miss W believes Lloyds was deliberately not engaging or communicating with her although she hasn't presented any evidence for me to consider to substantiate this belief. I note Lloyds' agents explained it was having administrative problems with a new system and this seems to have been the cause of some of the delays but this simply doesn't explain them all.
- Having considered everything, it's clear to me Lloyds could have handled the claim better than it did and because it didn't, it caused Miss W and Mr D distress and inconvenience. Miss W says she's spent many hours chasing Lloyds and its agents over the claim and has been pushed from pillar to post for updates.
- While I acknowledge the information Miss W has provided about the health impact she says the claim has had on her and Mr D, I've not been given any medical evidence to consider which supports this. I'm not persuaded I can safely attribute this impact entirely to Lloyds' claims handling and delays. But I have kept in mind all she's said in considering the award I direct Lloyds to pay.

Other issues

- As I mentioned above, the claim has progressed since Miss W raised this complaint and I understand Lloyds have now undertaken more investigations and have agreed to some further remedial work. If Miss W is unhappy with Lloyds' more recent actions

then she would need to raise an new complaint for it to consider. She can of course then bring that new complaint for this Service to consider if she's unhappy with Lloyds response to it.

Putting things right

- I've thought about this very carefully and taken account of all the parties have said. Having done so, I have decided Lloyds should pay Miss W £250 in recognition of its poor claims handling and delays on the claim related to the underground pipes. I recognise this will likely be disappointing for Miss W as she says more is warranted. But I'm satisfied this amount is fair and reasonable in all the circumstances of this specific complaint.

My final decision

My final decision is that I uphold this complaint and direct Lloyds Bank General Insurance Limited to pay Mr D and Miss W £250 in recognition of its poor claims handling and delays.

Lloyds Bank General Insurance Limited must pay the compensation within 28 days of the date on which we tell it Mr D and Miss W accept 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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Miss W to accept or reject my decision before 21 March 2025.

Paul Phillips
Ombudsman