

The complaint

Miss C complained that Lloyds Bank General Insurance Limited (“Lloyds”) unfairly declined her claim for repairing damage to her home following a leak. Lloyds provided her home insurance policy.

What happened

Miss C identified a leak in her kitchen and had it repaired. After the leak, Miss C’s foot went through the floor several times in her dining room when she walked on it. Miss C made a claim to Lloyds as she thought the leak had weakened her dining room floor and the floor was now unsafe to walk on.

She was unhappy that one of Lloyds’ representatives failed to return to the property when it said it would carry out further leak detection work. Lloyds have acknowledged it failed to meet Miss C’s expectations with the follow-up visit, but explained it was no longer necessary. It paid Miss C £100 compensation for the distress and inconvenience this caused.

Lloyds declined to repair the damage to the dining room floor. It said, *“during our visit and having inspected the extent of the internal damage (mould and rot) and the salting on the external brickwork, suggests there has been an on-going issue with your property for a length of time”*. So, Lloyds declined this part of the claim as it said it wasn’t covered by the policy.

Our investigator decided not to uphold the complaint. She thought Lloyds had been fair to decline the claim in line with the policy terms and she thought the compensation already paid was reasonable in the circumstances. Miss C disagreed, so the case has been referred to an ombudsman.

My provisional decision

I made a provisional decision on this on 27 June 2024. I said:

“Lloyds appointed a loss adjuster to manage the claim. The property was inspected. The loss adjuster subsequently commissioned a leak detection specialist. The loss adjuster did some further work before declining the claim. It said “during [the leak detection] inspection they found the kitchen units were rotten which was as result of the recent escape of water from under the kitchen sink, however, Polygon have discounted that the escape of water resulted in damage to the sub-flooring causing it [to deteriorate] and become rotten”.

I have reviewed the report provided by the leak detection specialist. The report is limited in its findings, as the specialist said the condition of the property was unsafe and he couldn’t complete the inspection until the property was made safe. The conclusion of his report read “at this stage of the investigations we can not confirm the cause of the water damage and damage to the dining room. However, with standing water still present under the kitchen units further investigations would be recommended when the property has been made safe to conduct the works and all recommendations have been carried out prior to a further leak

detection visit”.

I think the loss adjuster has incorrectly represented the leak detection specialist’s findings. In fact, there were no findings as he couldn’t complete the inspection. I’ve watched videos of the inspection been carried out, and the specialist didn’t come to this conclusion. He said he couldn’t carry out his inspection as the property was unsafe.

I’ve noted that the loss adjuster provided a final response to Miss C, which set out the issue with the property was of longstanding nature and it has provided some photos which it says supports this decision. I’ve reviewed these photographs, and whilst I can see some evidence of some white markings to the external wall in one area, I don’t think the loss adjuster has provided evidence of rising damp and linked this comprehensively to issues in either the kitchen or the dining room.

I’ve also noted the leak detection did a limited external inspection of the property and he didn’t mention any problems with this part of the property. Therefore, I’m not persuaded by the evidence provided by Lloyds and its representatives. So, I intend to uphold this complaint.

Miss C has presented damage at her property – she has also provided evidence of a leak. Her policy covers her for damage caused by escape of water. The flooring in Miss C’s property is continuous from the kitchen to the dining room, so I think it’s likely any issue in one room would impact the other. I’m also conscious that no findings have been presented to provide a full analysis of what leaks were present or what damage they may have caused. This is the responsibility of the insurer, so I don’t think Lloyds’ investigation of the claim was thorough.

There is no evidence presented of how long the leak had possibly gone undetected. It’s possible Miss C was unaware of the damage that had been caused. I don’t think the loss adjuster has fairly reflected the leak detection expert’s findings and it didn’t provide the opportunity for a proper inspection to be carried out. For this, the loss adjuster has lost credibility. The loss adjuster’s own report doesn’t provide clear evidence that rising damp is the cause of the damage. Therefore, I intend to uphold this complaint. I intend that Lloyds settle the claim in line with the remaining terms and conditions of the policy.

Given I think the loss adjuster had made unfair conclusions and didn’t fully complete the investigations, I award Miss C £300 in compensation. I think the delays will have caused distress and inconvenience”.

Responses to my provisional decision

Both parties accepted my provisional decision, and they didn’t have any further comments.

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.

Given neither party has provided any new information, I see no reason to change my provisional decision.

My final decision

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

- Settle the claim in line with the remaining terms and conditions
- Pay £300* compensation – for distress and inconvenience.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 29 August 2024.

Pete Averill
Ombudsman