

The complaint

Ms D is unhappy with how long Society of Lloyd's (Lloyd's) is taking to settle a subsidence claim made under her landlord insurance policy.

Any references to Lloyd's include its agents.

What happened

Ms D has a long running subsidence claim with Lloyd's. She's previously referred complaints to this Service, and these were considered by one of our Investigators. This decision focuses on the timeframe between January 2022 and September 2023, when the final response which prompted this complaint to be referred to the Financial Ombudsman Service was issued.

Ms D complained to Lloyd's about its continued handling of the claim. She said the communication was poor in several areas including a lack of responses to requests about the agreed schedule of works and arranging alternative accommodation for Ms D's tenant. Ms D also complained about how Lloyd's calculated interest payments on certain payments she'd made which should have been covered by the claim. In the final response sent on 4 September 2023 Lloyd's said those interest payments were for five months, representing the avoidable delay in its handling of the claim. Lloyd's also said it would pay Ms D £750 compensation in recognition of the poor service she'd received.

Unhappy with Lloyd's response, Ms D referred her concerns to the Financial Ombudsman Service where they were considered by one of our investigators. They agreed there had been further avoidable delays with Lloyd's handling of the claim but that the compensation payment of £750 was fair in the circumstances. They also said the intention of our interest awards was to compensate for financial losses incurred which ought to have been covered by the policy. She didn't consider a recommendation issued on a previous complaint meant all costs incurred by Ms D as part of this claim needed to be subject to interest payments from 6 March 2020 until the date of settlement.

Lloyd's agreed but Ms D didn't. She said there had been further communication issues around who was paying for the alternative accommodation for her tenant and didn't agree with how the interest payments had been calculated. Ms D said she also wanted the full timeframe of her claim considered given what she said was the detriment to her. As no agreement was reached, the complaint has been 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.

First, I'd like to reassure both sides that while I've summarised the background to this complaint and submissions to us, I've carefully considered all that's been said and sent. In this decision though, I haven't commented on each point that's been made and nor do our rules require me to do so. Instead, I've focused on what I consider are the key issues.

Ms D asked that I consider the impact of Lloyd's entire handling of the claim on her, but I'm not going to do that. I've set out above what timeframe this decision focuses on, and it's for a limited part of the claim. Ms D has previously referred two complaints about Lloyd's handling of her claim to this Service and in both instances the investigator was able to resolve her concerns. Given the time that has passed, I don't consider it's appropriate to reconsider those earlier complaints now.

I'll first comment on the point Ms D made about interest; Ms D seems to have understood that all invoices relating to this claim ought to be backdated to 6 March 2020 when the claim was declined, and policy was wrongly voided. This has been a key focus for Ms D based on the communication she's provided to us.

The information I've seen for the calculation of interest provided by Lloyd's relates to invoices dated between September 2019 and June 2021, so outside of the timeframe I'm considering. I'm not going to make any direction in relation to these invoices as they relate to payments that occurred before the start date of this complaint. Ms D previously accepted our investigators' findings on the earlier complaints referred to this Service that addressed interest payments and the issue around March 2020.

Our approach to awarding interest is well established and set out on our website. We'd usually say a business ought to make an interest payment to a consumer to compensate where a consumer has wrongly had to pay for something in the past. When a consumer has made a payment and been out of pocket as a result of paying for something that ought to have been covered by the policy, we'd usually say interest should be calculated from the date the consumer made their payment until the date of settlement.

I note Lloyd's final response letter it reflects this approach whilst also referencing an avoidable delay at the start of the claim (which falls outside of the timeframe considered in this decision). If Ms D believes there are payments she has made which she is due interest on it might be helpful for her to share these with Lloyd's so it can consider these. But from what I've seen, Lloyd's accepts there have been instances where interest has been due to be paid to Ms D during the claim.

I'll turn now to the compensation offered by Lloyd's. It's clear Ms D experienced avoidable distress and inconvenience caused by Lloyd's handling of the claim for example, not making the arrangements to pay for alternative accommodation for the tenant and failing to provide a schedule of works, despite several requests from Ms D that it do so. I agree the award of £750 for the timeframe January 2022 until September 2023 fairly recognises the poor communication and poor service Ms D received during this time. I'm not going to require Lloyd's to do anything more.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 16 April 2025.

Emma Hawkins
Ombudsman