

The complaint

Miss P and Mr T complain that Lloyds Bank General Insurance Limited (“Lloyds”) hasn’t dealt fairly with a claim made under their home insurance policy.

What happened

Miss P and Mr T say their property was affected by extreme weather in November 2023. For several weeks waste water escaped through a manhole and began to cause damage. When they noticed areas of cracking and the surface of their carport sinking they contacted their insurer, Lloyds, as they were concerned about possible subsidence.

Lloyds sent out a claims consultant to assess the damage. The consultant said there wasn’t evidence of subsidence and the damage might not be covered under their policy. In December 2023 Lloyds wrote to Miss P and Mr T providing a copy of its consultant’s report, in which the consultant had reiterated that the damage was unrelated to subsidence and that there was instead an ongoing issue with flooding in the area, so they’d need more information in order to properly assess the claim. Unhappy about Lloyds’ refusal to deal with the claim as they’d expected, Miss P and Mr T made a complaint.

Lloyds sent a final response to Miss P and Mr T in February 2024. It said the damage its consultant had seen wasn’t consistent with the usual characteristics of damage caused by subsidence. It also said the consultant had explained he would need to understand the history of flooding in the area to be able to assess the claim correctly. So it reminded Miss P and Mr T to send the consultant photos and correspondence between them and the water board in relation to previous drainage issues.

Miss P and Mr T remained unhappy. They said the onus was on Lloyds to prove that the claim wasn’t covered. So they referred their complaint to this service. Our Investigator considered the complaint but didn’t think it should be upheld. She thought Lloyds’ request for further information wasn’t unreasonable.

Miss P and Mr T didn’t accept our Investigator’s view. They said they’d sent photos to support their claim which proved there had been an escape of water, and that they weren’t able to provide anything else. As Miss P and Mr T wanted the matter reconsidered, the complaint has now come 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 this complaint. I’ll explain why.

For a claim to be accepted by an insurer, the policyholder must show that the claim arises from an insured peril – that is, one of the events covered under the policy. If a policyholder can do this, then it’s for the insurer to either settle the claim or show that one of the exclusions in the policy applies.

In this case, Miss P and Mr T say the insured event they're claiming for is an escape of water, but Lloyds thinks the damage is related to the gradually occurring flooding and drainage issues at the property and in the area more widely. So Lloyds doesn't consider Miss P and Mr T to have shown that there's a valid claim here yet.

I've seen the consultant's site visit notes, and I'm satisfied that there's enough reasoning provided in the notes to show why the consultant determined that the damage wasn't subsidence related.

Most insurance policies don't provide cover for damage that happens gradually over time, so in order for Lloyds to accept the claim, it has to be satisfied that the damage occurred due to a one-off insured event.

Given the historic issues with drainage in the area, I don't find it unreasonable for Lloyds to need sight of correspondence between the policyholders and the water board in order to investigate further. This will enable Lloyds to determine whether the claim is in relation to a one-off event or a gradually operating cause.

I've considered what Miss P and Mr T have said in response to our Investigator's view. They've said the burden of proof isn't on them and that there's no evidence of a gradually operating cause. They've said they sent the photos to the consultant as requested and I've also seen these photos. But whilst the photos show cracking and damage, these alone don't enable a fair assessment to be made as to the original cause of the damage. This is why, in the consultant's report which was sent to Miss P and Mr T in December 2023, and in an email from the consultant to Miss P and Mr T in January 2024, as well as in Lloyds' final response letter in February 2024, they were asked to provide further information.

I appreciate Miss P and Mr T are in a difficult position. They say they can't provide further information about the historic issues with the property, but I've not seen evidence that they've tried to obtain the correspondence requested. And I don't consider it unreasonable for Lloyds to be investigating further and requesting information from Miss P and Mr T in order to validate the claim. It's entitled to do this under the policy, which states: *"We may ask you to prove that your claim happened as you said it did. For example, we might need photos, a video, or a report from an expert...If we ask for you to give us proof, you must give it to us or we might not be able to pay your claim"*.

So for the reasons given, I'm very sorry to disappoint Miss P and Mr T, but I'm not upholding their complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P and Mr T to accept or reject my decision before 3 January 2025.

Ifrah Malik
Ombudsman