

The complaint

Mr and Mrs M complain Lloyds Bank General Insurance Limited unfairly refused to cover their surveyor's fees under their home insurance claim.

What happened

In October 2023 Mr and Mrs M's home was damaged by a flood. They claimed against their Lloyds home insurance policy. The claim was accepted, with Lloyds agreeing to cover the cost of reinstating the property.

Mr and Mrs M appointed a surveyor to assist with overseeing reinstatement. Lloyds declined their request that it cover his fees. It said it didn't consider it necessary for the claim – one it described as a standard flood to a home of standard construction. It said the claim will be managed effectively by a contractor, drying company and its own Personal Claims Consultant (PCC). It said they could use the surveyor as their advocate, but at their own cost.

As Mr and Mrs M didn't accept Lloyds decision it opened a complaint. In December 2023 it issued a complaint response. It accepted their policy covers the cost of surveyors – but said that is only when it feels one to be necessary. Lloyds said it had reviewed the claim and felt there wasn't a need. It said if Mr and Mrs M wish to use their own surveyor it would be at their own expense. Lloyds did apologise for a lack of contact from its PCC early in the claim, paying £75 compensation in recognition.

In April 2024 Mr and Mrs M referred their complaint to the Financial Ombudsman Service. They consider the circumstances of their claim mean a surveyor is required. They have borrowed money to cover the fees. To resolve their complaint they would like Lloyds to cover the costs.

Our Investigator wasn't persuaded it was necessary for Mr and Mrs M to appoint a surveyor. So he didn't recommend Lloyds cover the cost. As Mr and Mrs M didn't accept that outcome 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.

As this is an informal service I'm not going to respond here to every point or piece of evidence Mr and Mrs M and Lloyds have provided. Instead I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted.

Mr and Mrs M's policy says if Lloyds '*...decide your buildings need to be repaired, where it's necessary, we'll pay for: Architects', surveyors' and legal fees.*' It goes on to say '*We must approve the fees first*'.

So the policy says Lloyds will cover a surveyor's fees where it considers one's involvement is necessary. In this case it didn't consider the involvement of the surveyor, appointed by Mr and Mrs M, to be necessary. So it didn't approve the fees.

I'm satisfied Lloyds acted in line with the terms of the policy – it has the right to decide if a surveyor is necessary. I've also considered if its decision was, not only in line with the terms but also, fair and reasonable considering the circumstances of the claim.

When doing so I've taken account of Mr and Mrs M's reasons for considering their surveyor necessary. I won't detail them all here – just the main ones. There was substantial damage, including to each room of the property, requiring major repairs. Those repairs aren't straightforward. The PCC is located a long distance away and had many other claims to deal with. And they have an elderly vulnerable relative living with them, so need to have the property reinstated promptly.

Lloyds' reasons for considering a surveyor unnecessary include the following. It says it's a standard flood claim for a standard house. It felt a surveyor wouldn't add value. The appointed drying contractor, PCC and contractor would be able to manage the claim effectively.

I've also considered the extent of damage, required repairs and Mr and Mrs M's circumstances and my knowledge of this type of claim. Having done so I find that Lloyds' belief that the claim is of a type that can be managed effectively without a surveyor is reasonable. So I'm satisfied its decision not to agree to the surveyor was fair and reasonable. I realise this will be disappointing for Mr and Mrs M, but this means I'm not going to require it to cover their surveyor's fees.

My final decision

For the reasons given above, I don't uphold Mr and Mrs M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 23 December 2024.

Daniel Martin
Ombudsman