

The complaint

Mr W is unhappy with how Lloyds Bank General Insurance Limited (Lloyds) has offered to settle a claim made under his buildings insurance policy.

Any references to Lloyds include their agents.

What happened

In February 2024, Mr W noticed water damage to his kitchen ceiling. Mr W thought the water might be coming from the bathroom above the kitchen, so removed the bath panel and the boxing in around some pipes behind the sink and toilet. Mr W says he took this action having considered Lloyds website, which offered guidance when an escape of water is noticed. Mr W then contacted Lloyds who asked him to get an estimate for the repair works. He did so and shared this with Lloyds, who then arranged for their contractor to carry out an inspection.

In April 2024, Mr W asked Lloyds for an update. Lloyds made Mr W an offer of £850 which was later increased to £1,960.45. This offer was to repair trace and access damage to the bathroom.

Mr W didn't think this offer was fair, as his builder had provided a quote much higher than this. Based on what his builder had said, Mr W says it wasn't possible to carry out repairs to only the lower part of the tiled walls in the bathroom. He said the walls were made of plasterboard and approximately 50 years old, and the upper tiles would be compromised if only the lower half of the wall was replaced. Mr W complained to Lloyds who said the offer of £1,960.45 was fair because it covered the cost of the damage caused whilst tracing and accessing the leak. But as there wasn't any water damage to the bathroom, the policy didn't provide any further cover. Lloyds offered £150 for service issues.

Unhappy with Lloyds' offer Mr W referred his concerns to the Financial Ombudsman Service. He said to put things right he'd like Lloyds to pay for a complete tile replacement in the bathroom, so it was reinstated to same condition as before leak. Mr W said he also wanted Lloyds to fully repair the kitchen ceiling.

We told Lloyds Mr W had asked us to consider his complaint. Lloyds revised their offer. They said they would increase the cash settlement to £2,525.90 (less the excess), which included an amount for the additional trace and access works based on an invoice provided, and an allowance to cover the flooring reinstatement costs. Lloyds said if Mr W didn't accept the cash settlement, they could arrange for one of their contractors to carry out the trace and access reinstatement works. Lloyds also offered £100 to recognise the incorrect settlement had been offered.

Our investigator considered this offer and said it was fair in the circumstances. Mr W didn't agree and repeated his concerns about the condition of the bathroom walls and what he'd been told by his builder. This case 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.

As a starting point, it's accepted the kitchen ceiling was damaged as a result of a leak from a pipe above it, but there was no damage to the bathroom. The crux of the complaint here is whether Lloyds' proposed settlement for tracing and accessing the leak from the bathroom is fair and reasonable. I've considered what the policy says about trace and access. The policy wording says:

"Tracing and accessing a leak

*When a leak happens it is sometimes hard to find exactly where it's coming from, so please take all reasonable steps to stop the water and prevent the damage from getting worse. **You** or your plumber must take all reasonable steps to find where the leak is coming from, and fix it at your own cost.*

*If **you** have Buildings insurance and it is necessary to damage **your buildings** to find and/or get to the leak and it is from a home appliance, or fixed water or heating system, we'll pay for:*

- *The cost of finding the leak, and*
- *Repairing the damage caused in getting to the leak."*

Having considered the information provided, I've reached the same conclusion as the investigator for the same reasons. The policy requires Lloyds to pay for the cost of repairing the damage caused by finding and accessing the leak. Mr W says he's been told that reinstating only the lower parts of the tiled walls won't be possible given the condition and age of the walls. And Mr W says he's concerned the sink and toilet may not be able to be removed undamaged in order for repair works to be carried out. But the sink and toilet haven't been damaged by an escape of water or during the trace and access works which were carried out to find the source of the leak.

I'm not going to require Lloyds to settle the claim based on the quote Mr W provided. As noted by our investigator, it's not a like for like quote based on tracing and accessing the cause of the damage. The quote provided by Mr W's builder is for removing and replacing the bathroom, along with carrying out repairs to the kitchen ceiling.

I'm persuaded the revised cash settlement from Lloyds (based on the updated scope of works) correctly and fairly covers the areas damaged by tracing and accessing the leak. I understand Mr W is concerned about how the repairs in the bathroom could be carried out given the comments from his builder on how feasible they consider the works to be. However, Lloyds has also offered for their contractors to carry out the work.

I'm satisfied Mr W has been presented with a fair resolution to settle his claim, and that is either to accept a cash settlement or for one of Lloyds' contractors to carry out the works. I'll leave it to Mr W to reach out to Lloyds to let them know if he'd like to accept one of these offers.

While I'm satisfied Lloyds has now made a fair offer to put things right, it's clear it took three attempts for Lloyds to offer Mr W the correct cash settlement. This wasn't acceptable and added to what he'd already described as a difficult time. Lloyds ought to have identified the initial offer overlooked the cost from the plumber and floor reinstatement costs. I consider the increased offer of £100 in respect of this fair and reasonable.

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 Mr W to accept or reject my decision before 12 December 2024.

Emma Hawkins
Ombudsman