

The complaint

Miss A and Mr M complain that Lloyds Bank General Insurance Limited failed to put right damage caused by poor repairs carried out following a claim on their buildings insurance policy.

Where I refer to Lloyds, this includes its agents and claims handlers acting on its behalf.

What happened

Miss A and Mr M have a joint buildings insurance policy for their home, but Mr M has been dealing with the complaint and so I'll generally refer to Mr M.

Miss A and Mr M made a claim on their policy in 2022 after an escape of water from a shower. Lloyds accepted the claim and appointed contractors, who carried out repairs.

In August 2023 there was a substantial leak from the pipework under the bath which caused significant damage, including to the kitchen below.

Mr M contacted Lloyds who in turn contacted the contractors, but they denied having removed and refitted the pipework that had failed.

Lloyds arranged for some limited work to be done, without accepting it was responsible, while discussions continued about responsibility for the further damage.

Mr M said the previous repairs had come with a two year guarantee and provided further information, including photos showing the failed pipework had been removed when the previous repairs were carried out. He complained about Lloyds' refusal to accept responsibility for the damage caused by the second leak.

Lloyds provided responses to complaints in September and November 2023, each time agreeing there had been some delays and poor service, and paid compensation for this, but said it couldn't comment on liability for the damage, which was still being investigated.

In January 2024 Lloyds advised its investigations were still ongoing but that as a response hadn't been provided about this within eight weeks, Mr M was entitled to refer the complaint to this service.

Our investigator said Lloyds was responsible for the actions of the contractors and the evidence indicated they had refitted the pipework, so it should deal with the damage. He also asked Lloyds to pay £750 compensation for the further distress and inconvenience caused.

Lloyds accepted the recommendations to deal with the damage and pay the compensation but Mr M didn't. He raised some further points, including:

- He didn't think the compensation adequately addressed all the harm caused and was seeking a much higher payment.

- He was concerned the further repair work wouldn't be done to a high standard and wanted a detailed agreement setting out the scope of the work, to include damage to the walls, ceiling, kitchen and flooring, with six months alternative accommodation provided while the repairs were carried out.

The investigator explained that he couldn't dictate the scope of the works to be done, though he would expect it to be along the lines set out. He was satisfied the compensation was reasonable.

As no agreement has been reached, I need to make a decision.

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.

The relevant industry rules and guidance say insurers must deal with claims promptly and fairly, support a policyholder to make a claim, and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.

I'd expect the settlement to put the customer, as far as possible, back in the position they were in before the loss or damage. Where repairs are being done, that means carrying out an effective and lasting repair.

The evidence indicates the pipework was refitted as part of the previous repairs, and the further damage was caused when that pipework failed in August 2023. Lloyds has accepted the investigator's recommendations and agreed to carry out the further repairs needed. So that's not in dispute.

Mr M isn't happy with the recommendations. He wants a detailed agreement as to the scope of work to be done, and a higher compensation payment. So these are the two issues I need to determine.

Bearing in mind what's happened previously, I can understand why Mr M might want me to set out in detail what needs to be done, but that isn't something I can do at this stage. The issue in dispute was whether Lloyds was responsible for the work. Now that's been established, the next stage is to agree exactly what needs to be done. That will involve preparing a scope of works and agreeing the timetable for that.

That's the next stage, which Lloyds will need to deal with. It's not my role to intervene before that. Until inspections have taken place to confirm the extent of the damage and the associated repairs needed, I'm not in a position to decide what should be done.

What I can say is that any repairs should be effective and lasting. That wasn't the case previously, as the repairs failed after a few months. Lloyds needs to ensure that doesn't happen again.

Mr M is reluctant for the same contractors to return. Again, I can understand why that's the case. So Lloyds should arrange for a different contractor. If it has difficulties finding an alternative, it may wish to agree a cash settlement so Mr M can appoint his own contractors. In that case, the settlement needs to cover what it would cost him to have the works done (which may be higher than what it would cost if Lloyds appoints the contractors).

If there are further problems, Mr M would need to make another complaint. That may delay things again but unfortunately for Mr M it's unavoidable.

I've considered whether compensation of £750 is appropriate. It's two years since the original claim was made and over a year since the second leak. There has been disruption for Miss A and Mr M throughout and the whole experience has been distressing. However, Lloyds made compensation payments in September and November 2023. Taking those into account, I think a further payment of £750 is fair.

To be clear, I'm only considering what happened up to the point when the complaint was referred to this Service. If there are further complaints about events since then, then further compensation may be considered.

My final decision

I uphold the complaint and direct Lloyds Bank General Insurance Limited to:

- take responsibility for the additional damage caused in August 2023;
- pay compensation of £750 for the distress and inconvenience caused to Miss A and Mr M.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A and Mr M to accept or reject my decision before 16 January 2025.

Peter Whiteley
Ombudsman