

## **The complaint**

Mr R and Mrs R are unhappy with the way Lloyds Bank General Insurance Limited (Lloyds) have handled the claim she made under her home insurance policy.

As Mrs R has been leading on this complaint, and for ease, I've referred to her throughout.

Lloyds are the underwriter of this policy and so are also responsible for the actions of its appointed agents. In my decision, any reference to Lloyds also includes the actions of its appointed agents.

## **What happened**

The circumstances of this complaint will be well known to both parties and so I've summarised events. At the end of 2023 Mrs R submitted a claim to Lloyds under her home insurance policy following damage to her property caused by storm. The claim was accepted by Lloyds.

Mrs R has raised a number of complaints with Lloyds about the way it handled her claim and Lloyds sent her final responses to these complaints on 27 December 2023, 28 February 2024 and 13 March 2024. Following the final response in March 2024, Mrs R referred her complaint to this Service about Lloyds failing to acknowledge her health conditions and the impact this had on her. This Service issued a final decision on this complaint on 15 December 2024.

Mrs R has raised further complaints with Lloyds and it issued her with final responses on 3 May 2024, 21 June 2024 and 24 July 2024. These complaints haven't been referred to this Service.

This complaint is about the issues Mrs R raised which Lloyds responded to in its final response dated 9 August 2024

As part of Mrs R's claim, Lloyds agreed a settlement of just over £5,000 for Mrs R to repair her flooring. Mrs R was told Lloyds would agree an interim payment of £2,000 towards the flooring and then would pay the outstanding settlement once repairs were complete. Mrs R didn't agree to the interim payment. She asked for the payment to be made in full and explained an interim payment of £2,000 wasn't sufficient to allow the repairs to begin. On 2 August 2024 Mrs R called Lloyds as she didn't understand why an interim payment was being made, and why this was different to what she had been told previously.

Following this call Mrs R raised a complaint with Lloyds. She was unhappy with the way the claim for the flooring had been handled, and the way the handler had dealt with the call on 2 August 2024. On 9 August 2024 Lloyds issued Mrs R with a final response to her complaint. It said it agreed the level of service it had provided since its previous final response on 24 July 2024 had fallen short. It said it thought its agent had answered Mrs R's questions and offered appropriate advice. It said its agent didn't answer one question but this was because she would have needed to listen to previous calls. It said it felt this call could have been handled better. It paid Mrs R a total of £400 compensation. Mrs R didn't think this was

reasonable and so referred her complaint to this Service.

Our investigator looked into things. He said he didn't think Lloyds had made an error by offering an interim payment. He said he thought Lloyds's claim handler answered all but one of Mrs R's questions. He thought the £400 Lloyds had offered was reasonable in the circumstances.

Mrs R didn't agree with our investigator. She said she didn't think the call with Lloyds had been handled fairly and it hadn't been explained why £2,000 had been offered as an interim payment when this wasn't enough to allow the works to commence.

As Mrs R didn't agree with our investigator, 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.

I want to acknowledge I've summarised Mrs R's complaint in less detail than she's presented it. I've not commented on every point she has raised. Instead, I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Mrs R and Lloyds I've read and considered everything that's been provided.

I also want to make clear what I've considered as part of this decision. I've considered the events which Lloyds have addressed in its final response of 9 August 2024.

Lloyds have acknowledged it hasn't handled Mrs R's claim as well as it should have done during this period, and the call she had with it could have been handled better. It has paid Mrs R a total of £400 compensation and so I've considered whether this is reasonable to acknowledge the impact caused to Mrs R as a result of its errors.

I can see Lloyds agreed a settlement of just over £5,000 for the repair to Mrs R's flooring. Lloyds offered Mrs R an interim settlement of £2,000 and said it would pay the rest of the settlement due once works were complete. Mrs R has said she is unclear why an interim settlement was offered as no other part of the claim had been dealt with in this way. She was also unclear why £2,000 had been offered as this wasn't enough to purchase materials and pay the contractor to begin repairs.

Lloyds have now explained the reason an interim settlement was offered in this instance. It said the area of damage to the flooring was restricted to one tile and so to ensure the works went ahead, it would pay an interim settlement to allow works to commence and then pay the rest of the settlement once the work had been completed. In principle this sort of practice isn't uncommon when settling claims and the terms of Mrs R's policy entitles Lloyds to settle the claim in the way it believes is appropriate. Given the limited area of damage to Mrs R's flooring, I think it was reasonable for it to look to settle this part of Mrs R's claim in this way.

However, based on the evidence provided, I don't think Lloyds effectively communicated the reason it was offering an interim settlement to Mrs R, nor why a settlement of £2,000 was being offered. I think it would have been helpful for Lloyds to ensure the interim settlement it was offering was enough to allow the works to begin – which is evidently where things have gone wrong in this case. I think Mrs R has been caused distress as she was unclear why an interim settlement had been offered and how this had been calculated. She was also caused inconvenience as she spent time speaking to Lloyds to try and clarify the interim settlement. I think had Lloyds offered a more suitable interim settlement, and provided the above

explanation of why it was looking to do so, the distress and inconvenience Mrs R was caused could have been avoided.

Mrs R is unhappy with the way Lloyds handled her call on 2 August 2024. Lloyds have acknowledged this call could have been handled better by the handler. I've listened to this call and I would agree it could have been handled better. I think the handler did attempt to answer Mrs R's questions based on the limited information she had about Mrs R's claim. However I think the handler should have acknowledged Mrs R wasn't satisfied with the answers she had provided, and agreed to pass Mrs R's questions to the claim handler to respond to.

I think Mrs R has been caused unnecessary distress and inconvenience due to the way Lloyds handled Mrs R's claim during the period of this complaint. I've taken into consideration what Mrs R has said about her health conditions, which Lloyds were aware of, and the impact this situation had on her. I've also taken into consideration that shortly after Mrs R's call with Lloyds, it agreed to pay the settlement for the floor in full. Having done so I think the £400 compensation Lloyds have paid is reasonable to acknowledge the distress and inconvenience Mrs R has been caused by the errors I hold it responsible for. I think compensation of this amount fairly takes into consideration the considerable distress and worry Mrs R suffered during this period.

I know Mrs R doesn't think the amount Lloyds have said it has paid for the way the call on 2 August 2024 was handled is sufficient. However I don't think the distress and inconvenience Mrs R was caused was as a result of this call in isolation, but rather was a culmination of the way the claim had been handled up to this point. And when looking at compensation, this Service takes the approach of looking at a compensation award as a whole, which is what I have done here, taking into account all of Lloyds's mistakes and the impact of them on Mrs R.

Naturally I empathise with Mrs R given everything she's been through following her claim and the impact this has had on her. However I think Lloyds have done enough to compensate her for its errors during the period I've considered and so I don't require it to offer additional compensation.

### **My final decision**

For the reasons I've outlined I don't uphold Mr R and Mrs R's complaint about Lloyds Bank General Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs R to accept or reject my decision before 12 March 2025.

Andrew Clarke  
**Ombudsman**