

The complaint

Mr P has complained about his home insurer, Lloyds Bank General Insurance Limited because he thinks that, when he made a claim for a flood of sewage water, it didn't handle the claim well and left him living in the property.

What happened

Mr P's home was affected by a flood caused by local drains overflowing. Sewage water entered his home. The local water authority were involved with some of the clean-up work but Mr P was surprised to find that Lloyds, as his insurer, did not offer alternative accommodation (AA) – not even when he was due to bring his newborn baby home.

The loss occurred in October 2023 with Mr P notifying Lloyds of the claim on 6 November 2023. Mr P's baby came home at the end of January 2024. The property was found to be dry (and it had been sanitised) at the end of March 2024.

Lloyds wrote a final response letter (FRL) to Mr P in April 2024. It accepted that there had been some communication failures. It said it would pay £250 compensation. Mr P subsequently complained to the Financial Ombudsman Service. When Lloyds was contacted it provided its file but told our Investigator it felt it should have offered AA at the outset and at certain points up until the property was found to be dry at the end of March 2024. It said it wanted to offer a total of £600 compensation.

Our Investigator considered matters. He felt that £600 was fair and reasonable in the circumstances, so he shared that view with Mr P.

Mr P said he did not think £600 was fair and reasonable – not given the huge amount of worry he'd been caused with his baby having to live in the property. He said Lloyds' failure to place him and later his family into AA had amounted to a breach of contract, which he felt £600 was not enough to make up for. He added that the kitchen was not fully functioning with mould present, with items needing to be cleaned regularly and certainly before use.

The complaint was referred to me for an Ombudsman's decision. I felt, in the circumstances here, that Lloyds should be paying £1,000 compensation. I had our Investigator contact both parties to advise of my view.

Lloyds said it would agree to pay the £1,000 compensation I'd recommended.

Mr P said that he did not think that £1,000 was sufficient. He said he'd lived in the property for over a year by the time work was finally done in January 2025, when he should have been living elsewhere from the start and throughout. He said over a year of upset like that merited compensation of £1,500 or more.

As Mr P was not minded to agree to the award I'd recommended, his complaint was passed back to me for review.

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.

There's no doubt here that Lloyds failed Mr P. The remaining issue then is what is fairly and reasonably required to put that right.

As noted above, I've already considered what is required to put things right. And I explained to both parties that I thought payment of £1,000 compensation was fair and reasonable in the circumstances because I was satisfied that Lloyds' failures had caused "serious disruption to [Mr P's] day-to-day life over a sustained period of several months".

I've reviewed what Mr P has said – about remaining living in the house for over a year until building works were finished. I appreciate that would have been upsetting. However, Mr P's complaint was made to this Service in July 2024, following receipt of Lloyds' FRL dated 16 April 2024. I can only consider complaints regarding activities or in respect of periods, which an insurer has had a chance to respond to.

When I reviewed Mr P's complaint, I noted that he had contacted Lloyds in November 2023, that Lloyds reported that the home had been dried and sanitised in March 2024 and that Lloyds' FRL was issued in April 2024. Giving a period of at most six months where Mr P was negatively affected by Lloyds' failure. I'm satisfied that, for upset caused during that period, £1,000 is fair and reasonable compensation.

If Mr P has concerns about how Lloyds handled the claim after the 16 April 2024, he could make a further complaint in that respect. To be clear, whilst I have noted here briefly what Mr P has said about that period and acknowledged that upset may have been suffered, I have not considered what happened after 16 April 2024.

Putting things right

I require Lloyds to pay Mr P a total of £1,000 compensation.

My final decision

I uphold this complaint. I require Lloyds Bank General Insurance Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 14 March 2025.

Fiona Robinson
Ombudsman