

The complaint

Mr M is the sole trader of a business I'll refer to as 'M'.

M complains about how Society of Lloyd's ('SOL') handled their commercial property insurance claim.

Some of M's dissatisfaction relates to the actions of agents acting on behalf of SOL. As SOL accept they're responsible for the actions of their agents, in my decision any reference to SOL should also be interpreted as covering the actions of their agents.

What happened

The background to this complaint is well known to M and SOL. Rather than repeat what's already known to both parties, in my decision I'll focus mainly on giving the reasons for reaching the outcome that I have.

M expressed dissatisfaction with SOL's response to his commercial property insurance claim. The complaint can be broadly summarised as being about VAT not being included in all of the claim settlement, M not being indemnified, legal fees and general compensation they believe they're owed. SOL responded and partially upheld the complaint. They increased the claim settlement offer, added interest to an earlier settlement and offered £200. M remained unhappy and referred the complaint to our Service for an independent review.

Our Investigator considered the complaint and didn't recommend that SOL needed to do anything further. M didn't accept, the complaint has been referred to me for a final 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.

Our Service is an alternative dispute resolution service, set up to resolve disputes with minimum formality. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

The scope of my decision

It's clear that M remains unhappy with the actions of SOL when initially responding to this claim. I acknowledge and empathise with the impact that the loss event has had on M and their livelihood. I also note M wants SOL to return him to the position they were in pre-loss and they feel that it was because of SOL's actions that they lost their business. But my decision will be relatively narrow in scope and will only consider SOL's actions that have occurred *after* our Service previously considered M's previous complaint under a different complaint reference. I can't comment on the actions of SOL already addressed in the earlier final decision. This means any actions of SOL or the impact of those actions that predate 15

December 2023, won't be considered in this decision.

Whilst this will no doubt be frustrating for M, once we issue a final decision, we fulfil our statutory duty and under normal circumstances we can't reinvestigate the same complaint. This is important as many of the points M makes in relation to the complaint I'm considering are relevant to the earlier complaint he's previously had a final decision on. For example, M's email (2 January 2025) in response to our Investigator's assessment almost entirely relates to the material subject matter our previous decision considered – so I won't be covering those points again here.

It's also important that I make it clear to both parties that this final decision is not intended as a 'follow on' from the subject matter dealt with in the earlier decision, or an alternative to 'enforcement' action. I am simply considering the actions of SOL since that final decision and a new complaint was registered.

Legal costs and cover

M has referred to legal expenses incurred. SOL explained in the final response letter that the type of cover that would respond to any such claim wasn't added until *after* the event that gave rise to the legal expenses being claimed for.

I find that SOL have acted fairly here. The intention of any insurance policy is to protect against unforeseen, future losses – not any losses that have already begun.

The claim settlement

M remained unhappy with the claim settlement figure. SOL have said in their final response letter:

“... as a result of my interactions with underwriters, they are willing to make a further payment of £1,650.00, as £1,800.00 has already been paid out for the two red leather chairs. This would exhaust the sum insured under the Other Contents section of cover. To reflect the fact that you will have done without this additional sum for some time, they have agreed with my proposals that interest at a rate of 8% should be added to this, calculated as of the date the FOSs Final Decision was produced until the date this additional sum is paid.”

I'm satisfied that SOL have acted fairly and reasonably when making this increased offer and nothing has been provided by M to sufficiently undermine the offer as being unfair.

Not including VAT

M has said VAT ought to have been added as, although they weren't VAT registered at the time of the claim settlement being made, they intend to restart the business and they wouldn't be able to claim the VAT back. SOL deducted VAT from the relevant settlement amount as it wasn't clear M was intending to replace those items due to their trading position at that time.

I find that SOL have acted fairly in regard to this point. If M has incurred a VAT outlay as a result of purchasing replacement equipment - they can present any such evidence to SOL for their consideration.

The offer of £200

It's positive that SOL have recognised they could have acted more quickly when making the

previous claim settlement (following a final decision). I find the £200 offer is fair and reasonable – relative to the impact of this delay on M.

This offer is within the appropriate range of our published guidelines on distress and inconvenience awards: <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>

My decision will likely disappoint M, but it does end our Service's involvement in trying to informally resolve their dispute with SOL.

Putting things right

I find the offer made by Society of Lloyd's is fair and reasonable and I'm not telling them to do anything that they hadn't already offered to M. But for completeness and to ensure the offer is paid, I've included this direction. If they've not already done so*, Society of Lloyd's now need to pay M:

- A further payment of £1,650 in relation to 'other contents'. 8% simple interest per annum is also to be added to this amount. This is to be calculated from the date of our previous final decision (15 December 2023) until the date any settlement is paid to M.
- £200 compensation in recognition of further avoidable distress and inconvenience caused.

*If Society of Lloyd's have already paid the above settlement, they don't need to do so again.

My final decision

My final decision is that I partially uphold this complaint.

If they've not already done so, Society of Lloyd's now need to follow my direction as set out under the heading '*Putting things right*'. If they've already paid the offer, they don't need to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 10 March 2025.

Daniel O'Shea
Ombudsman