

The complaint

Mrs L is unhappy with the service provided by Lloyds Bank General Insurance Limited (Lloyds) following a claim made under the contents section of her home insurance policy.

Lloyds is the underwriter of this policy. Part of this complaint concerns the actions of third parties instructed on the claim. LV has accepted that it is accountable for the actions of third parties instructed by it. In my decision, any reference to LV includes the actions of any third party instructed by LV during the course of Mrs L's claim.

What happened

Mrs L took out a home insurance policy with Lloyds. The policy included matching sets cover. The terms and conditions explained the matching sets section of the policy wouldn't cover '*...articles such as carpets, curtains and cushions.*'

Mrs L renewed her policy in September 2022. The same exclusion for carpets applied at the time of renewal. The terms and conditions also explained:

We use other companies (who we call suppliers) to repair or replace your things, and to repair or rebuild your home. Any repair or rebuild work done by our suppliers is guaranteed for at least 12 months.

Where we use suppliers, we might get discounts. We will use their cost to us when settling claims.

What we mean is, we won't pay more than it would cost us to repair, replace an item or rebuild any part of your home.

We'll replace an item with a new item on a like for like basis. When we say 'like for like basis', we mean we'll try to replace it with an exact match. If we can't find an exact match, we'll replace it with the nearest equivalent. By 'nearest equivalent' we mean an item of the same quality and same specification.

In August 2023 Mrs L contacted Lloyds to make a claim for damage to her carpets. Mrs L reported damage to the carpet in the bedroom and landing. The rooms were separated by a door bar which marked the boundary between the rooms.

Lloyds accepted Mrs L's claim. Mrs L confirmed the specification of the carpet that had been damaged. Lloyds said the colour of the carpet couldn't be matched, as it had been discontinued.

Lloyds said it offer would offer Mrs L a cash settlement of £2,618.13 to replace the carpet in the affected rooms using a colour best matched to the one she had. Mrs L disagreed with Lloyds' offer. Mrs L said Lloyds should offer to replace all of the carpets on the same floor as they were part of a matching set. Mrs L said she'd accept replacement of the damaged carpets only but Lloyds should pay for the carpets in another colour and specification so that it contrasts with the rest of the bedrooms that Lloyds said it wouldn't cover.

Lloyds said in an attempt to resolve Mrs L's complaint it would agree to settle Mrs L's claim by increasing its offer to cash settle Mrs L's claim for £2,933.47 representing the retail cost without any supplier discount (minus the policy excess).

Mrs L wasn't happy with the samples sent by Lloyds to replace her carpet with as she said they didn't match the colour of the existing carpet, or the contrasting colour she was looking for to compliment the rest of the bedrooms. Mrs L was also unhappy with Lloyds' offer to cash settle her claim as she said this was too low.

Mrs L brought her complaint to this Service for investigation. During our investigation Lloyds's reviewed its offer to settle Mrs L's claim. It said that the offer at the time had been based on a range similar to Mrs L's existing carpets, but not the same one. Lloyds said that it had calculated the difference between the amount offered to Mrs L, and the cost of replacing the carpets based on the same range that Mrs L currently had. Lloyds agreed to pay Mrs L this difference in cost, plus £100 to reflect the distress and inconvenience caused by the initial offer being based on a different carpet range.

The Investigator found that Lloyds' offer to settle Mrs L's claim was reasonable, and didn't ask it to do anything else in settlement of her complaint. Mrs L's didn't accept the Investigator's findings saying that her policy was sold with matching sets cover and Lloyds has failed to provide her with an offer that reflects this. As the complaint couldn't be resolved it has been passed to me for 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.

Having reviewed the evidence, I agree with the investigator's outcome on this complaint for broadly the same reasons. I've focused my comments on what I think is relevant. If I haven't commented on any specific point it's because I don't believe it has affected what I think is the right outcome.

Matching sets cover

I've reviewed the policy booklet applicable when Mrs L took out her policy, and for the subsequent renewal. I'm satisfied, although the exact wording differs only slightly, the meaning of the policy is the same at both inception and renewal in respect of matching set cover. That is that matching sets cover would not apply to carpets.

Mrs L has sent an extract from the policy booklet showing the terms for '*Replacement of sets cover*' for when she took out her policy. Mrs L says there's no mention of the exclusion for carpets in this section. I've carefully considered this evidence. I'm satisfied that the extract referred to by Mrs L relates to the buildings insurance section of Mrs L's policy. As Mrs L's claim for damage to the carpets is a contents claim, the policy terms referred to by Mrs L aren't relevant here.

Mrs L has confirmed the undamaged carpets aren't connected to the damaged carpets as one continuous strip. There's a joining bar at the doorway of each room that separates the carpets from one another. So, while the undamaged carpets may match the damaged carpet, they're essentially separate pieces of carpet.

I appreciate that Mrs L wants me to tell Lloyds to replace all matching carpets based on her understanding of the type of policy she took out. But I can't tell Lloyds to settle a claim that

isn't covered by her policy. I'm satisfied Lloyds has applied the terms of Mrs L's policy, and specifically the section on matching sets, fairly and reasonably when agreeing to settle her claim for the damaged carpets only. It follows that I'm not going to tell it to replace the matching carpets in the other rooms.

Replacement product

The terms and conditions of Mrs L's policy explain *'We'll replace an item with a new item on a like for like basis. When we say 'like for like basis', we mean we'll try to replace it with an exact match. If we can't find an exact match, we'll replace it with the nearest equivalent. By 'nearest equivalent' we mean an item of the same quality and same specification.'*

Mrs L says that Lloyds hasn't offered to replace her carpet on a like-for-like basis. Mrs L has described her carpet as *'100% manmade saxony carpet.'* Mrs L also referred to the type of carpet she had, detailing the range it was from at the time of purchase.

I've looked at the description of the replacement carpet Lloyd's has offered and the description of Mrs L's damaged carpet. The description is the same and I can't see any evidence to suggest the replacement offered is of an inferior quality.

Mrs L says the colour choices she has been offered are not suitable. I've considered the range of colours available in the replacement carpet, and accept that jet black colour (as requested by Mrs L) is not available.

In line with the terms and conditions of Mrs L's policy, we'd expect Lloyds to offer a replacement carpet of the same quality and specification. I understand the colour choices offered by Lloyds to Mrs L were in keeping with the existing colour of the carpets in her other rooms- including off-white and grey options.

Mrs L says the damaged carpet was cream, and the carpet in the other rooms is the same colour. She feels strongly that the options presented by Lloyds don't offer a 'like-for like' replacement. I've carefully considered Mrs L's comments. But overall, as the replacement product is the same as what Mrs L currently has (bar the colour), and given the colour Mrs L had, is now discontinued, I'm satisfied Lloyds has done enough in line with the policy terms to offer the nearest equivalent.

Retail value cash offer

As an alternative to replacing the carpet, Lloyds also offered Mrs L the option to have her claim settled by cash. However, Mrs L doesn't think Lloyds has offered her enough to allow her to buy a replacement carpet of the same quality.

I understand Mrs L's strength in feelings on the matter. But under the terms of Mrs L's policy, Lloyds need not offer the full cash or voucher cost for Mrs L to replace the carpet herself. I'm satisfied the offer made by Lloyds is based on what it would cost Lloyds to replace the damaged carpets. This is in line with the policy terms. So Lloyds has acted reasonably here.

Lloyds has also made an offer to replace the carpet with one reasonably matched which would cover Mrs L's loss and, apart from her policy excess, at no cost to her. Overall, I think Lloyds' offer to settle Mrs L's claim with a replacement carpet, or cash, is in line with the terms of the policy. It is for Mrs L to decide if she wants to accept this.

Distress and inconvenience

Lloyds has offered Mrs L £100 to reflect the inconvenience caused by the delay in making an offer to settle her claim based on the same range and specification of carpet that she had. It's not disputed that Mrs L had provided this information to Lloyds early in the claim. So Lloyds should've based its original offer on the information provided.

When thinking about the impact on Mrs L because of Lloyds' delay in making the higher settlement offer, I'm persuaded the impact is nominal. I say this because even if Lloyds had offered Mrs L £3,383.34 at the start of the claim, it's likely Mrs L would've rejected this. So Mrs L would've more likely than not been in the same position she is in now.

So although Lloyds could've done more to ensure its offer was based on the same carpet Mrs L has in her home, I don't think this would've made a material difference to the claim, or impact on Mrs L.

I'm satisfied £100 reflects Lloyds' poor service, but also that the impact on Mrs L has been nominal. This amount is reasonable in the circumstances, and in line with our approach. So I won't be asking it to pay anything more in settlement of Mrs L's complaint.

My final decision

For the reasons provided I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 7 March 2025.

Neeta Karelia
Ombudsman