

The complaint

Mrs S has complained that Lloyds Bank General Insurance Limited have declined her claim for a stolen phone.

What happened

Mrs S's daughter had her phone stolen whilst at a gym and so she made a claim under her home insurance which has cover for contents away from home. Lloyds declined the claim.

Mrs S raised a complaint about the claim decline, saying that she was misled into thinking the claim was being paid, and so she paid £1000 for a replacement phone for her daughter, thinking it would be reimbursed. If she had known at the outset that the claim wouldn't be paid, she would've made alternative arrangements, and wouldn't have been out of pocket.

Lloyds have paid Mrs S £150 compensation in respect of their complaint, but still declined the claim, so she brought their complaint to us.

One of our investigators has looked into the complaint and he thought that Lloyds acted fairly in declining the claim.

Mrs S was unhappy with this, and so the matter has come 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'm not upholding this complaint, and I will explain why below.

I have to decide whether Lloyds have declined the claim in line with the terms and conditions of the policy, and acted fairly in doing so.

The terms of the policy at page 23 say that cover is provided under personal belongings away from home:

"if you of your family have your things with you and in your control at the time they're lost, stolen or damaged. You'll still be covered if they're left with hotel security. You'll also still be covered if they're put in a safety deposit box, safe or similar storage, all of which must be permanently fixed and locked."

Mrs S's daughter was at a gym when she had to go to the toilet. During the brief time she was in the toilet, her phone was taken. Other class members had seen someone come into the changing room and Mrs S believes this person took the phone. They were able to track the phone, and reported it to the police, but the police didn't do anything.

Lloyds have declined the claim as they don't consider that the phone was in the "control" of Mrs S's daughter at the time of the theft.

I appreciate that the phone was only left for a very short time and was on a bench next to the toilet cubicle in the changing room, and so I can see that it must be very frustrating to understand why the claim would be declined, but the wording of the policy is clear that the phone must be in that person's "control" at the time of the theft. As Mrs S's daughter didn't have the phone on her person at the time of the theft, there was a cubicle door between her and the phone, she didn't have sight of it, and it wasn't locked in a secure place, I don't think I can fairly say it was in her "control" within the terms of the policy.

And so, I'm satisfied that Lloyds have fairly applied the policy term to decline the claim.

I've then thought about whether Lloyds have acted fairly in the communication of the decision, as Mrs S complained that she was misled by Lloyds into thinking that the claim would be paid, and as a result gave her daughter £1000 that day to purchase a new phone, only to find out the next day that it wasn't going to be covered. Mrs S says this has left her £1000 out of pocket.

Lloyds have accepted that they should have told Mrs S on the first call that the claim wouldn't be covered, and as a result of this error, they have paid her £150 compensation. Mrs S would like them to pay the whole claim.

So I've thought about what is a fair outcome.

Mrs S rang Lloyds to make the claim on 18 March. I've listened to that call. The adviser isn't able to put all the details on the system as there is an issue with the system at the time, but he does say there is cover for this kind of loss and agrees that he will call back in the next two hours to confirm he has done so. He does take all the details of what happened, and the bank details so they can make a payment if the claim is paid. However, he does also say to Mrs S,

"I know we haven't decided this and this will be the final step. Likely when I call you back after I am able to put this on the system, yes if we do go ahead, you are able to a claim and we pay out, if these things happen, then it doesn't necessarily need to be a cash settlement."

So, I don't think the call handler has misled Mrs S. He doesn't make any promises that the claim will be paid, and in fact refers to "if" it is paid. In response, Mrs S tells him that she will need to transfer the cash to her daughter to get a new phone that day as she can't be without a phone and she says,

"obviously we don't know when you're going pay out, if you're going to pay out and what you're going to do."

So, I think there is some recognition there that the claim hasn't yet been determined.

However, I can understand why Mrs S doesn't want her daughter to be without a phone, and I understand why shortly after that call she transferred the money to her daughter to purchase a new one, which she bought at 3.28 that afternoon.

At 3.25 that afternoon Mrs S called Lloyds to chase her follow up call, as she hadn't received it.

Claims then returned that call and told her that one of their approved contractors was being appointed to assess and deal with the claim. There was no suggestion in that call that the

claim had been determined, and as the call was made after the new phone had already been purchased, I don't think this call made any difference.

The next day another claims handler looked at the case and realised that from the information provided in the first call, the claim should have been declined from the outset and this was communicated to Mrs S which led to the complaint.

I appreciate that Mrs S is disappointed that the claim was declined and I understand her concerns about the safety of her daughter. I also think that Mrs S should have been told in that first call that the claim would not be paid. However, I'm equally not satisfied that she was misled, as she wasn't told that it definitely would be paid, and her own words in that call seem to suggest that she understood the claim was yet to be determined.

In view of that, I don't think it would be fair to ask Lloyds to pay the whole claim, but I think it is fair for them to make a payment to recognise that they could have given the decision on the claim sooner and should have called Mrs S back within the timescales that they said they would.

Mrs S has been paid £150 for the distress and inconvenience caused, and I agree with the investigator that this sum is fair for the service errors that have occurred.

I appreciate that Mrs S will be disappointed with this outcome, but I hope that she will understand the reasons I have given above.

My final decision

My decision is that I'm not upholding Mrs S's complaint about Lloyds Bank General Insurance Limited and they don't need to do anything further.

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

Joanne Ward
Ombudsman