

The complaint

Mr and Mrs M complain about how Lloyds Bank General Insurance Limited trading as Halifax ("Lloyds") dealt with a claim they made on their home insurance policy following an escape of water.

Mr and Mrs M are joint policyholders but for ease I'll refer to Mrs M since she has brought the complaint to this service.

What happened

Mrs M had home insurance with Lloyds.

In April 2014 Mrs M noted an escape of water in her home. She reported the matter to her insurer and the claim was dealt with. In October 2020 Mrs M contacted Lloyds again to report a further ingress of water.

Lloyds registered a new claim and sent out a leak detection company to ascertain where the water was coming from. rectification work done by the contractors had been poor and hadn't fixed the structural problems they'd caused.

Mrs M says she spent ten years emailing and phoning Lloyds to get the claim moving, and to get her home back into its pre-incident condition. Unfortunately, during this time Mr R became seriously unwell so Mrs M had to fight to get Lloyds to agree to alternative accommodation.

Due to the nature of works Mrs M instructed a loss assessor to assist; they both agreed the settlement offered by Lloyds was not adequate. There were a number of outstanding items Lloyds declined cover for, but that Mrs M thinks should be included in her claim. Mrs M obtained a scope of works from a contractor and that stated the total cost for the work should be approximately £178,000 plus VAT, so she wants Lloyds to pay the additional £112,000. Lloyds don't agree. So, Mrs M complained.

Lloyds accept the service Mrs M received was not to the expected standard. It increased its compensation award from £3,000 to £4,250. It also agreed to extend alternative accommodation, and agreed to pay the council tax, utilities, and storage costs. It agreed to increase its settlement offer to approximately £101,000. It didn't agree to cover the redecoration costs of the bedrooms and bathrooms, replacement kitchen – including worktops and appliances since they weren't damaged as part of the claim. Lloyds also declined cover for kitchen wall tiles, steam shower and landscaping costs.

Mrs M wasn't satisfied with the response so referred her complaint to this service. Our investigator concluded Lloyds hadn't acted fairly and recommended a number of steps to resolve matters. He said Lloyds should replace the kitchen for one of the same specification as the one that was damaged, increase the cash settlement to £112,000 as this is the sum without the disputed items. He said Lloyds should replace the wall tiles, contribute 50% of the costs towards the landscaping and driveway, reimburse any additional alternative accommodation expenses, reimburse Mrs M the cost of obtaining any reports in the lead up

to Lloyds accepting the claim, continue to pay the loss assessor's fees, and increase the compensation to £10,000.

Lloyds agreed to most of the investigator's recommendations but said it had already settled the kitchen based on Mrs M's own quote, it didn't agree to replace the downstairs shower like for like since the old shower wasn't to regulation, and it wouldn't cover the cost of the appliances or contribute for further fees. Lloyds agreed to cover the wall tiles and to 50% of the costs towards the landscaping, and it agreed the compensation. Mrs M raised a number of queries regarding the investigator's recommendations. Because an agreement couldn't be reached the complaint came to me to decide.

My provisional decision

In March 2025 I issued a provisional decision on this complaint, a copy of my findings is below:

"Lloyds accept the level of service provided fell short of what Mrs M was entitled to expect. So, I'm only considering whether what has already been offered adequately reflects the inconvenience caused by those failures in service. My decision covers the issues raised from December 2022 up until the final response letter sent on 23 January 2024. I have previously issued a jurisdiction decision confirming what is and isn't in the scope of this decision.

A claim of this nature, with the extent of damage in key areas of the home, was always likely to be a very disruptive and stressful experience for Mrs M and her family. Ultimately the leak resulted in damage to Mrs M's home. But I've had to consider what impact Lloyds has caused over and above what might reasonably be expected, through its handling of the claim.

The relevant industry rules say an insurer should handle claims promptly and fairly. The leak in Mrs M's home occurred in June 2014 and over the last 10 years she has been trying to get her home back into the position it was in before the leak. So, I don't think Lloyds has dealt with the claim promptly or fairly. In some cases, decisions made by Lloyds compounded the distress for Mrs M.

I can see Mrs M contacted Lloyds on a number of occasions in order to obtain an update on her claim and to get the repairs resolved as quickly as possible. Emails went unanswered and calls weren't returned. I can see how this would have been frustrating and stressful; especially over a prolonged period.

Mrs M provides compelling testimony of the impact the claim has had on her and her family. This is backed up by photographs, claim notes from Lloyds, and medical information provided by Mrs M. And I've kept this in mind while reviewing the evidence.

Cash settlement

In November 2023 Lloyds offered around £84,000 plus VAT for the reinstatement works. This was increased to £101,000 plus VAT. Lloyds said the offer was based on the agreed works following a joint visit from contractors, including a quantity surveyor and an independent drying expert.

Mrs M obtained her own quote for the work which was approximately £178,000 but Lloyds didn't agree to the quote as it said a number of items wouldn't be covered under the terms of the policy.

Given the position between the two parties our investigator recommended a settlement of approximately £112,200, which is Mrs M's quote without the disputed items. I think this is a fair way to settle the complaint since Lloyds are covering the items which it is liable for based on Mrs M's quote.

Downstairs shower room

Mrs M wants Lloyds to replace the downstairs shower with a bespoke steam shower room. Lloyds say it is unable to do so as Mrs M previously had a steam shower. It said given the lack of ventilation it advised not to proceed with the installation of a steam shower which Mrs M agreed to. The downstairs bathroom has been settled as part of the overall settlement and I think this is fair. So, I don't intend to ask Lloyds to do anything further here.

Kitchen units and appliances

There has been much back and forth about the kitchen units. Mrs M had a bespoke kitchen that cost around £17,000 in 2007. Due to the damage to the kitchen units while in storage Lloyds offered to replace the kitchen and did so in 2017. Mrs M says the replacement kitchen is not of the same quality or specification as the one that had been there originally, and she felt compelled to accept the lesser kitchen.

Lloyds say it compared the original kitchen invoice with the replacement one and it was like for like. I haven't seen anything to explain why the kitchen wasn't replaced using the original kitchen provider, or that the replacement kitchen was of an 'inferior' quality. Lloyds say Mrs M was provided with samples of the kitchen at the time and didn't raise any issues then or subsequently.

Having carefully considered this matter I'm satisfied Mrs M has been indemnified in respect of the kitchen. And I would need a plausible and persuasive reason to understand why Mrs M doesn't think that's the case. Given that I'm satisfied Mrs M has been indemnified it follows that I don't intend to ask Lloyds to replace the kitchen. I also don't think Lloyds should replace the appliances as they haven't been damaged and so are not covered under the terms of the insurance policy.

Tiles

Our investigator recommended the kitchen wall tiles be replaced by Lloyds on the basis there was a loss of match. Lloyds have agreed to cover the wall tiles under the claim and so I don't intend to comment any further here.

Professional charges

Mrs M has provided an invoice for professional charges of a contractor who has undertaken site visits and provided a quote for a bespoke kitchen. She has asked that Lloyds pay those costs since she had no choice but to engage the services of the contractor to assist them. But I don't think Lloyds should pay these costs since they aren't covered by the terms of the policy. Lloyds has already paid the costs for Mrs M's loss assessor. And I haven't seen anything to show Mrs M obtained agreement from Lloyds before undertaking those costs. So, I'm not convinced Lloyds should pay the fees.

Bedroom and bathroom redecoration

Having considered the evidence presented I'm not persuaded the escape of water caused the damage to the bedroom and bathroom and its more likely the damage is due to wear and

tear. As such the work isn't covered by the terms of the policy and therefore I don't intend to ask Lloyds to cover these costs.

Alternative accommodation

Lloyds agree to pay alternative accommodation costs while repairs are carried out. But it has asked for the start and end dates of the work to quantify a reasonable amount. And I think that's fair in the circumstances. I note Mrs M doesn't intend to begin works until July 2025, but I don't think it's reasonable for Lloyds to pay for alternative accommodation over several months if the work can start sooner. So, I would expect Mrs M to provide Lloyds with a start and end date of the kitchen works, and for Lloyds to pay for alternative accommodation for that period.

Lloyds has already agreed to reimburse Mrs M the additional alternative accommodation fees she's incurred. And I think that's fair in the circumstances, and what I would have directed it to do if the offer had not already been made.

Damage to garden and plants

Mrs M says that as a result of the ongoing work she hasn't been able to maintain her garden. As a result, it has become overgrown, and plants have perished; the entire garden needs to be renovated. Having considered this, I think the investigator's recommendation for Lloyds to pay 50% of the cost of renovation is fair and reasonable. I say this because the service provided by Lloyds at the outset of the claim meant Mrs M was away from her home for longer than anticipated, so she was unable to maintain her garden as she normally would. Lloyds accept this resolution to this aspect of the complaint.

Conclusion

When a business makes a mistake, as Lloyds accept it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

Lloyds has already agreed to many of the recommendations set out by our investigator. I think Lloyds tried to be fair to Mrs M in accepting it hadn't handled the claim as it should have. But it doesn't have a never-ending liability to Mrs M or this claim. And so, I think it is appropriate to now bring the matter to an end and settle things fairly. I am therefore upholding Mrs M's complaint, but I realise my directions to put things right will disappoint her since I'm not requiring Lloyds to meet all of her claims for recompense.

I know Mrs M has put in a lot of effort to challenge Lloyds. She's faced a lot of stress, as well as worry about how she will ever reinstate her home. Lloyds failed Mrs M, as I've explained, failures which I think significantly impacted her daily life across the course of the claim. Due to the level of impact caused to both policyholders over many years, I think an award of £10,000 overall was appropriate in the circumstances. I note Lloyds has agreed to the increased payment for distress and inconvenience, so I won't comment on this further."

Responses to my provisional decision.

Lloyds accept my provisional decision. Mrs M largely accepted the findings and outcome but made a number of points.

- Mrs M says Lloyds didn't increase its offer. It offered £84,205 plus VAT totalling £101,046 and this was reiterated in the final response letter. The only change was

that VAT was included in the payment rather than to be paid after the work was completed.

- Mrs M clarifies she had a bespoke kitchen before 2017 and an off-the-shelf kitchen after 2017. So, the replacement kitchen quote is for the off the shelf kitchen and not the bespoke one.
- Mrs M wants the kitchen appliances to be included in the settlement since the ones in the original bespoke kitchen were custom sized to fit the units. She asks that Lloyds reimburse her based on the original estimate for reinstalling the original bespoke kitchen.
- Mrs M says her bespoke shower room was approved and fitted under building regulations. And in 2014 Lloyds replaced the shower room on a like-for-like basis. She says Lloyds then replaced the shower room with a standard fitted bathroom in an effort to save costs. So, Mrs M wants the bespoke shower room to be included in the costs settlement.
- Mrs M says without the professional services of a contractor she would not have been able to challenge Lloyds' decision. She says if she'd requested Lloyds' authority to incur the costs it wouldn't have agreed. So, she wants those fees to be covered.
- Mrs M has clarified she isn't requesting Lloyds to cover the cost of alternative accommodation from now until Summer 2025. The work will take 11 weeks and so she requests payment for that time.
- Mrs M says she was unable to maintain her garden due to the work in her home, and she was specifically told her gardener couldn't go through her kitchen to the garden for health and safety reasons – so she wants Lloyds to pay for the entire estimate.

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 done so, I haven't been provided any information from either party which alters the findings set out in my provisional decision. So, the findings set out in my provisional decision are now that of this, my final decision.

I note Mrs M's response to my provisional decision. I think it's reasonable for Lloyds to pay for alternative accommodation for the duration of the works – 11 weeks as per her estimate.

I understand Mrs M wants me to go further in my redress than I have. But having reconsidered the evidence I consider my recommendations to put things right are fair and reasonable in the circumstances of the complaint, and for the reasons previously explained. I would however urge Lloyds, upon Mrs M accepting this final decision (if she does) to act swiftly to deal with the remaining aspects of this matter.

Putting things right

In order to put matters right, I direct Lloyds Bank General Insurance Limited to;

1. Increase the cash settlement in line with the recent scope of work to £112,208.71 **net** of VAT,
2. Contribute 50% of the costs of the landscaping work as per the invoice provided,
3. Pay alternative accommodation costs for the period of the works, likely to be 11 weeks,

4. Reimburse Mrs M for any accommodation costs she's incurred, add 8% simple interest to any costs from the date Mrs M paid to the date of settlement,
5. Record the claim as one claim on Mrs M's record,
6. Pay Mrs M £10,000 for the distress and inconvenience caused,
7. Pay additional alternative accommodation, council tax, utilities, and expenses already agreed to, if not already paid.

My final decision

My final decision is that I uphold Mrs M's complaint and direct Lloyds Bank General Insurance Limited to put things right by doing what I've set out above.

Lloyds must pay the compensation and settlement within 28 days of the date on which we tell it Mrs M accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 24 April 2025.

Kiran Clair
Ombudsman