

The complaint

A company which I'll refer to as "P" and Mr B complain about Society of Lloyds ("SoL") handling of their Buildings Insurance claim.

Mr B has brought the complaint, alongside P. So, I will refer to him where appropriate below.

All references to SoL also include its appointed agents.

What happened

I understand the claim has been ongoing for some time and Mr B has raised multiple complaints with SoL. An Ombudsman previously issued a final decision in March 2024 regarding SoL's handling of the claim. In this decision the Ombudsman concluded SoL's concerns that some of the reinstatement costs Mr B was claiming for amounted to betterment were fair.

They also made a finding regarding costs incurred to Mr B for alternative accommodation ("AA") and interest on loan payments. In relation to this, I can see the Ombudsman directed that SoL should pay 8% simple interest for any time Mr B could show he was out of pocket for any payment he made for the claim.

My decision will not cover any issues previously covered or forming part of a previous complaint, though I may refer to them where necessary for context only. My decision focusses on events following this Service's decision in March 2024 up to SoL's final response in August 2024.

In summary, Mr B is unhappy with the cash settlement offered by SoL following an escape of water at his property. He says the amount SoL paid in settlement isn't enough to reinstate his property and believes it should reevaluate its offer. Mr B has also added details of what he feels should be included regarding an inflationary increase of costs per each year of the claim.

He says at the time the cash settlement was offered in December 2023; the property still had a high level of moisture from the escape of water. Which meant it wasn't possible for him to begin repairs. Mr B says he has subsequently incurred further costs relating to drying the property.

Mr B has also raised that AA payments have again been paid to him in arrears and a more recent amount does not include 8% simple interest. Mr B says he had to take out another loan to pay AA costs up to July 2024. And now is incurring further costs as SoL refused to pay further AA after this date.

Mr B has provided detail about the condition of the property, leading to complaints being made by neighbours and has provided details of the personal impact to his health and family caused by the ongoing issues.

SoL said its cash settlement in December 2023 put Mr B in a position where he could commence reinstatement works at the property. It maintained the settlement provided to Mr B was fair in reflecting the insured works.

Mr B was unhappy with SoL's response so the matter was referred to our service.

Our Investigator's view

Our Investigator didn't recommend the complaint be upheld. She said she hadn't seen any evidence that persuaded her that SoL should increase its settlement.

She said SoL had previously concluded there were various factors not related to the claim or insured event that were causing damp at the property. She said she hadn't seen any evidence that contradicted SoL's opinion, so she didn't think SoL should be liable for further AA or drying costs.

Mr B didn't agree with our Investigator and asked for an Ombudsman to review the matter. He has provided further submissions for our Service to consider in which he has reiterated the issues he's experienced and the impact of the claim. He said SoL has not provided evidence the property was dried prior to its offer and when it visited the property in March 2023 its agent confirmed the property needed to be rebuilt from scratch.

Mr B has also provided information regarding inflationary increases and has raised that he has yet to receive settlement for contents lost previously during the original event.

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 understand Mr B feels strongly about what has happened and I'm sorry to read of the impact matters have had on both him and his family. For this he has my natural sympathy.

Mr B provided detailed submissions to support the complaint, which I want to assure him I've read and considered very carefully. However, my findings focus on what I consider to be the central issues, and not all the points raised. This isn't meant as a discourtesy. The purpose of my decision isn't to address every single point the parties have raised or to answer every question asked. My role is to consider the evidence presented by all parties and reach what I think is a fair and reasonable decision based on the facts of the case.

Having done so, I do not uphold the complaint for these reasons:

- An Ombudsman previously concluded that SoL's concerns regarding the proposed works amounted to betterment were reasonable. So, what's left for me to decide, is whether the settlement paid by SoL is fair.
- Having reviewed matters I've not seen any evidence that persuades me SoL's settlement was unfair. I can see once the excluded elements had been deducted from the quote provided by Mr B, I can see its settlement is in line with this.
- Mr B says he was told by an agent of SoL that the property needs to be rebuilt from scratch. But I've not seen anything in any subsequent reports that reflect that – or that persuade me this means SoL are liable for any further works or additional settlement costs.
- While I acknowledge substantial work is required at the property, SoL have set out not all these works are due to the insured event.

- The issue of the property being dry was dealt with in the Ombudsman's decision in March 2024. So, I will not comment on this further here. However, I will add that SoL has set out there are various factors, not related to the insured event, that are causing the damp at the property such as ongoing water ingress from the ground floor entrance, rainwater gutters allowing water into the brickwork of the property and damp penetrating the property due to an adequate tanking system in the basement. It has said because of this damp will likely continue to penetrate and affect the property even with the use of dehumidifiers.
- I acknowledge Mr B has questioned Sol's opinion, but SoL is entitled to rely on the opinions of its experts when assessing its liability and I've not seen any further evidence provided that contradicts this.
- SoL agreed as part of its settlement to meet AA costs for Mr B until July 2024. This included time for Mr B to carry out works at the property. While I consider Mr B's comments that the property still requires further drying, and I have seen evidence that shows this, I'm not persuaded this is solely due to claim related damage or due to SoL's actions.
- So, in summary I am not persuaded SoL's settlement is unfair. So, I will not be asking it to provide any further costs relating to drying of the property or further AA costs.
- Mr B said he should receive an additional increase in the settlement to reflect an increase in costs due to inflation. I'm mindful the settlement was paid in December 2023 and at that time SoL had included a 10% increase. I think this is reasonable. And in view of what I've set above, I am also not persuaded they need to provide any additional increase here.
- Costs regarding the AA up to July 2024 were covered in our service's previous decision. Mr B will need to refer the issues he's detailed regarding interest payments, and the loan he says he has had to take out to meet AA costs, to SoL.

My final decision

My final decision is that I do not uphold P and Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask P and Mr B to accept or reject my decision before 18 June 2025.

Michael Baronti
Ombudsman