

The complaint

Mr D and Mrs D have complained about how Lloyds Bank General Insurance Limited (Lloyds) settled a claim under their home insurance policy.

What happened

Mr D and Mrs D contacted Lloyds to make a claim for damage to a computer screen. At Lloyds request, Mr D and Mrs D provided a repair quote. This was for £609. The quote also said the market value of the computer was between £600-800 and that, in the repairer's experience, most insurers would deem it beyond economic repair. It said the cost of the repair was the same as, if not more than, the market value of the device.

Lloyds told Mr D and Mrs D the device was repairable. It offered to settle the claim for £609, less the excess. Mr D and Mrs D complained. They said Lloyds should replace the computer because it was beyond economic repair. When Lloyds replied, it didn't uphold the complaint. It said the computer was repairable and it had offered a settlement in line with the policy terms.

Mr D and Mrs D complained to this Service. Our Investigator didn't uphold the complaint. He said it was fair for Lloyds to decide the computer was repairable. It had acted in line with the policy terms by deciding to pay the full cost of repair, minus the excess.

As Mr D and Mrs D disagreed, the complaint was referred to me.

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 don't uphold this complaint. I will explain why.

Mr D and Mrs D have said that Lloyds' offer to settle the claim was unfair and wasn't in line with the policy terms and conditions. Home insurance is generally a policy of indemnity. This meant Lloyds needed to put Mr D and Mrs D back in the position they were in just before the computer was damaged.

I've looked at the policy to see what it said about how Lloyds would settle claims. It said:

"If we accept your claim, there are a few ways we can look to put things right.

- *We'll try to repair the damage.*
- *If we can't repair, we'll try to replace.*
- *We may pay a cash settlement instead."*

I don't think this wording is unusual. I also note that as well as explaining how Lloyds would settle a claim, this showed that it was for Lloyds, rather than the policyholder, to decide how to do so. However, as part of that I would expect an insurer to consider the particular circumstances of the claim. In this instance, that included deciding whether the computer could be repaired or whether it should be replaced.

Mr D and Mrs D provided Lloyds with a quote from their repairer. This gave a breakdown of the costs to carry out the repair. Given Mr D and Mrs D's own repairer said the device was repairable and provided a quote for it, I think it was reasonable for Lloyds to decide the computer could be repaired.

The quote also said:

"The market value of this device appears to be rather volatile and fluctuates between £600-800 for this specification - which is slightly less common, due to the 2TB Fusion Drive and 8GB dedicated graphics. Therefore in our experience, most insurance providers would deem this beyond economical repair, as the cost of repair is almost the same, if not more, than the market value for a device of this age and specification."

Mr D and Mrs D have said the computer was beyond economic repair. I would generally take this to mean that the cost of repair was more than the market value of the device. But, from what I can see, that wasn't what the repairer said. The repairer said in its experience most other insurers would deem the computer beyond economic repair, although I haven't seen the repairer's evidence to support this view. But, even if that was the case, Lloyds wasn't required to take the same action as another insurer. It needed to settle the claim in line with the terms and conditions of the policy, having considered the particular circumstances of the claim. The repairer also gave a range for the market value of the device. Although the repair cost was close to the lowest end of the valuation, the majority of the market value range was more than the cost of the repair. So, in my view, the repairer's quote didn't necessarily show the device was beyond economic repair.

I'm aware Mr D and Mrs D have also said the policy had a new for old provision in it, so it should replace the computer. I've looked at the policy wording. It said it would replace an item with a new item on a like for like basis. But this didn't mean Lloyds was required to replace an item. It was explaining how it would replace an item where that was how it decided to settle a claim. However, Lloyds decided the computer could be repaired rather than replaced.

Having looked at what happened, I think it was reasonable for Lloyds to decide the computer could be repaired and that it wasn't beyond economic repair. It's my understanding that Lloyds paid the cash settlement to Mr D and Mrs D, from which it deducted the excess, so they could arrange the repair. So, having thought about this complaint carefully, I don't uphold it or require Lloyds to do anything else in relation to it.

My final decision

For the reasons I have given, it is my final decision that this complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs D to accept or reject my decision before 17 June 2025.

Louise O'Sullivan
Ombudsman