

## The complaint

Mr W's complained that Lloyds Bank General Insurance Limited ("Lloyds") declined his claim to recover what he'd paid his neighbour following an escape of water in his flat.

## What happened

In early 2024, Mr W decided to clean the pump of his washing machine. When he'd done this, he started a wash. During the wash cycle, his downstairs neighbour came up to his flat to tell him water was pouring into their kitchen from above.

Mr W notified Lloyds of what had happened. Lloyds contacted him a couple of days later about his report. They confirmed the damage to Mr W's neighbour's property wasn't their responsibility and the neighbour would need to claim on their own insurance.

Several weeks later, Mr W sent Lloyds a letter, advising them that he had reimbursed his neighbour £1,320 for redecorating her flat, as he said it was clear that what had happened was his fault. And he sent them an invoice for the repair to his washing machine. That said the plumber had found the machine had a faulty pipe clip, which had been replaced along with the drain pump filter and seal.

Lloyds declined the claim. They quoted the section of Mr W's policy headed "Personal legal responsibility". The relevant parts of this section say:

*"Everyone in the United Kingdom has a legal responsibility to avoid causing injury to other people or damage to other people's property.*

*We'll cover you and your family if any of you are in breach of your legal responsibility as an individual.*

...

*We'll cover claims made against you or your family:*

...

*If someone else's physical property is accidentally damaged. We'll only cover these claims if you or your family are held legally responsible to pay damages...."*

The policy goes on to exclude a variety of claims, including claims that:

*"- Are due to an agreement made by you. We'll cover those claims where you would have been legally responsible even if the agreement hadn't been in place."*

Lloyds said that Mr W's legal responsibility would have arisen only if he'd been negligent. But they didn't think his legal responsibility had been established. And they said that, in paying his neighbour's costs, Mr W hadn't complied with his responsibilities under the policy, as it required him not to admit blame or enter negotiations with a claimant.

Mr W complained. He said that his actions in cleaning the filter had clearly damaged the clips. This was negligent on his part and so Lloyds should pay the claim. Lloyds rejected

this argument and said it was unlikely they would have accepted liability for the damage in the circumstances Mr W had described. So Mr W brought his complaint to the Financial Ombudsman Service.

Our investigator considered the complaint and concluded Lloyds didn't need to do anything different to resolve it. He said that, by making payment to his neighbour for her costs, Mr W had prejudiced Lloyds' ability to deal with the claim as they saw fit.

Mr W didn't agree with our investigator's view. So the complaint's been passed to me to make a final 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 done that, I'm not upholding Mr W's complaint. I'll explain why.

The Financial Ombudsman Service was set up to provide a free and informal alternative to the courts. And we base our decisions on what we think is fair and reasonable in all the circumstances of a case. We can't make a finding on the law or direct a business how they should settle a claim. Rather, we decide whether they've made a fair and reasonable decision, based on the available evidence.

Mr W says Lloyds should pay the claim because it's clear he was negligent in his attempts to maintain his washing machine. And he says the policy says it will pay his neighbour's costs in such circumstances. He says this term should carry more weight than the section on which Lloyds rely, because that says admitting blame **might** lead to a claim being declined – not that it will.

I've thought about these arguments. And I've considered the documentary evidence available. Negligence is a legal issue. That means I can't decide whether Mr W was – or wasn't – negligent.

But I don't agree with his conclusion that it's the only explanation for what happened. The report Mr W provided to Lloyds from his own plumber refers to water escaping from a faulty pipe clip. No evidence was produced to show the reason for the fault. So it's not fair for me to say Lloyds should have concluded Mr W broke it. Or that they should have accepted liability for the flood he caused to his neighbour's flat.

I've considered the policy section headed "How to make a claim". The relevant part says:

*"If someone says you or your family are responsible for an injury or any damage, don't admit blame, or try and negotiate with them. If you do, it might mean we're not able to pay your claim...."*

I think that's clear. It forms part of the policy. So I'm not persuaded by Mr W's argument that it carries less weight than the sections about legal responsibility. I can see from Lloyds' claim notes that they would have defended any claim the neighbour made, had Mr W's payment to his neighbour not prevented them from doing this. I'm satisfied that decision was reasonable.

Mr W has provided some information about his neighbour's circumstances. I understand from this why he wouldn't want to put her to the trouble of pursuing a claim against him to establish he's legally responsible for what happened to her flat. But that doesn't mean

Lloyds need to apply their policy terms any differently. And for that reason, I don't think they need to do any more to resolve Mr W's complaint.

**My final decision**

For the reasons I've explained, I'm not upholding Mr W's complaint about Lloyds Bank General Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 6 May 2025.

Helen Stacey  
**Ombudsman**