

## **The complaint**

Miss C and Mr J complain about how Society of Lloyd's dealt with their holiday home insurance claim. My references to Lloyd's include its agents.

## **What happened**

In March 2024 Miss C and Mr J made a claim on their holiday home insurance for an escape of water at their caravan. The insurer, Lloyd's, appointed a supplier to do the repairs.

In summary, the repair work started on 10 June 2024 however the replacement wall boards were the wrong colour and didn't match the undamaged boards still in place. The suppliers left after two days on site. Following negotiations about the necessary parts and supplier availability the work recommenced on 27 August 2024 and was completed on 6 September 2024.

Miss C and Mr J complained to Lloyd's about the delays, its lack of communication throughout the claim and raised concerns about the actions of the supplier. They said the supplier had broken a mirror in the caravan and left the site after two days without notifying them straight away. The supplier left the electricity turned off which resulted in food in the fridge/freezer going rotten which caused a putrid smell in the caravan (Lloyd's dispute its supplier was responsible). Miss C and Mr J also queried the policy terms as they understood they'd bought a 'new for old' policy and that loss of use would be covered.

Lloyd's accepted it had given some poor service, acknowledged it didn't contact Miss C and Mr J as promised and said it should have explained the process to them earlier. Lloyd's also accepted there was conflicting information about loss of use in the policy documents sent to Miss C and Mr J.

After Miss C and Mr J had complained to us Lloyd's ultimately offered to pay the ground rent from one week before the initial repair date in April 2024 to the week after the repairs were completed, which it said totalled £969. Lloyd's also offered £175 compensation for Miss C and Mr J's distress and inconvenience due to its poor service. It noted that the broken mirror had been replaced by its supplier.

Miss C and Mr J thought the compensation didn't recognise the distress and inconvenience they'd experienced. They said they both have serious medical conditions (and gave details). The stress caused by Lloyd's poor service led to them arguing a lot when this was an already very difficult time for their family due to their illnesses.

Our Investigator recommended Lloyd's pay an additional £175 compensation for Miss C and Mr J's distress and inconvenience, making the total amount of compensation £350 in addition to the ground fees it offered to pay. She explained to Miss C and Mr J why Lloyd's has reasonably said it didn't need to settle their claim on a 'new for old' basis.

Miss C and Mr J accepted our Investigator's recommendation.

Lloyd's doesn't accept and wants an Ombudsman's decision. It said its existing offer of £175 took into account that it had offered to pay the loss of ground rent as a goodwill gesture, taking into account Miss C and Mr J's personal circumstances, which was a form of compensation.

### **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've considered all the points Miss C and Mr J have made. I won't address all of their points in my findings. I'll focus on the reasons why I've made my decision and the key points which I think are relevant to the outcome of this complaint.

The relevant regulator's rules say that insurers must handle claims promptly and fairly and they mustn't turn down claims unreasonably.

The only issue now in dispute is whether Lloyd's offer of £175 compensation for Miss C and Mr J's distress and inconvenience is reasonable in all the circumstances. For the avoidance of doubt, our Investigator correctly explained to Miss C and Mr J why Lloyd's had reasonably settled the claim not on a 'new for old' basis. In brief, the policy terms only provided 'new for old' if the caravan was damaged beyond economic repair, which wasn't Miss C and Mr J's situation.

I don't think Lloyd's was responsible for all the delays that occurred but it accepts, and I agree, that there were some issues with its service and it didn't communicate with Miss C and Mr J as it should have done. Miss C and Mr J told us and Lloyd's about the impact of Lloyd's poor service on them. I accept that, particularly given their personal circumstances, they were caused considerable distress and inconvenience.

When deciding what amount of compensation is reasonable Lloyd's thinks I should take into account that it offered to cover the ground rent, for the defined period, on a 'goodwill basis' to acknowledge Miss C and Mr J's personal circumstances. But in its final response letter Lloyd's accepted there was 'conflicting information' in the policy documents about loss of use. I think the policy wording about cover for ground rent when there is a loss of use is confusing. Lloyd's letter said 'technically your caravan has been habitable for you to use' but Miss C and Mr J disagree that in their personal situation the caravan was habitable during the repair period. The policy doesn't define what Lloyd's means by loss of use and in those circumstances I generally consider that the ambiguity be read in the consumer's favour. So I don't think it's reasonable for Lloyd's to consider that all of its offer to pay the ground rent is in effect compensation.

Given all the circumstances I don't think Lloyd's offer of £175 compensation for all the distress and inconvenience it caused Miss C and Mr J is reasonable. It should pay an additional £175 in compensation, so £350 compensation in total. That's in addition to Lloyd's paying the ground rent of £969, as it has offered.

### **My final decision**

I uphold this complaint and require Society of Lloyd's to pay Miss C and Mr J:

- £350 compensation in total for their distress and inconvenience its poor service caused, and
- £969 for the ground rent (as it has now offered).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C and Mr J to accept or reject my decision before 19 June 2025.

Nicola Sisk  
**Ombudsman**