

The complaint

Mr K and Ms M complain about Lloyds Bank General Insurance Limited's ('Lloyds') handling of their home insurance claim.

References to Lloyds include its agents.

What happened

In January 2024 Mr K and Ms M's home suffered damage from a flood, so they contacted Lloyds to make a claim. Mr K and Ms M, and their family, left the home following the flood, and stayed in a hotel for two nights, but afterwards moved into short term rental accommodation.

Lloyds carried out an inspection on 15 January 2024, after which it appointed an electrician, and it began drying the property in April 2024. In the interim, Mr K and Ms M remained living in alternative accommodation.

Following the drying, Lloyds considered the costs for restoring the property, but Lloyds disputed some cost Mr K and Ms M claimed including travel, the cost of redecorating, and, the cost of replacing a cooker and hob.

Lloyds subsequently agreed to replace the cooker and hob with the ones Mr K and Ms M had chosen, but after being installed the cooker was found to be faulty, and the hob would not fit. So, Lloyds decided instead to pay a cash settlement for a cooker and hob.

Mr K and Ms M initially complained in February 2024, but having not received any final response, made another complaint to Lloyds in August 2024 which included the events they'd previously complained about in February 2024, as well as issues which had happened after then.

Lloyds provided a final response on 16 August 2024 addressing multiple aspects of the claim. Although Lloyds didn't uphold all the complaint points, there were aspects of the claim where it agreed it could have provided better service. So, in recognition of that, it agreed to pay Mr K and Ms M £750 compensation.

Our investigator didn't find Lloyds response fair on some parts of the complaint. In summary, he said:

- We could only consider events up to Lloyds final response of 16 August 2024, and Mr K and Ms M would need to make a new complaint directly to Lloyds about any issues which had happened after then.
- There were avoidable delays at various points in the claim.
- Mr K and Ms M had claimed some petrol costs, which ordinarily weren't covered by the policy. But the petrol costs Mr K and Ms M incurred were extended because there

were about three months of avoidable delays so Lloyds should consider these costs for the period where there were delays.

- It wasn't unreasonable for Lloyds not to cover the cost of food in the fridge as this wasn't covered under the policy terms. However, the investigator acknowledged that regardless, Lloyds had agreed to pay £100 towards this.
- There was a delay in replacing the cooker and hob, but the investigator didn't think Lloyds were at fault because it couldn't have known the cooker was faulty prior to installation, and whilst the hob didn't fit, it was chosen by Mr K and Ms M. It was reasonable due to these problems for Lloyds to cash settle this part of the claim, and following this settlement, Lloyds couldn't be held at fault for any further delay ordering and fitting new cooking appliances.
- There was a dispute over the cost of the redecorating work, but Lloyds provided a copy of the scope of works to Mr K to share with his contractor, so he could have sought their comments on this. And although the scope of works Lloyds provided didn't include individual costs, it wasn't unreasonable for Lloyds not to share that information due to its commercial sensitivity.

The investigator thought that the £750 compensation Lloyds agreed to pay in its final response was in line with our award levels for the delays, so he was satisfied that amount was reasonable. But he recommended Lloyds also consider Mr K and Ms M's petrol expenses for three months of avoidable delays.

Lloyds agreed to the investigator's recommendation. But Mr K and Ms M didn't agree with the investigator's opinion, saying Lloyds had been in breach of complaints procedures and they and their family suffered avoidable inconvenience.

Because Mr K and Ms M didn't agree, the complaint was referred to me to decide.

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've decided to uphold this complaint. I'll explain why.

I should start by saying while I've read and considered everything Mr K and Ms M and Lloyds have provided, I won't be commenting on every point made. I'll instead concentrate on what I consider are the key points I need to think about for me to reach a fair and reasonable decision. This isn't meant as a discourtesy to either party, but instead reflects the informal nature of this Service.

I should also say that I'll only be considering the events which happened up to the date of Lloyds final response on 16 August 2024. If Mr K and Ms M are dissatisfied with anything which happened on the claim after this date, they'll first need to take it up directly with Lloyds as a new complaint.

I've begun by considering the timeline of events on the claim. Insurance claims involving damage to a home can by their nature be disruptive and take time to resolve and I can't hold Lloyds at fault for the unavoidable disruption Mr K and Ms M would have been caused from the damage caused by the flood or any unavoidable delays on the claim. But Lloyds should have handled the claim fairly, including by progressing it proactively. So, I've considered if it did so.

Lloyds doesn't dispute there were some issues with its handling of the claim and it agreed to pay Mr K and Ms M £750 compensation to put that right. Lloyds acknowledged there was a lengthy delay in starting the drying at the property, and further disruption caused as extensions to the alternative accommodation weren't agreed in a timely manner.

Mr K and Ms M have provided a detailed timeline of events. Looking at this, and Lloyds own notes on the claim, I don't think Lloyds treated Mr K and Ms M fairly with regards to the delay in starting the drying of the property and with the uncertainty Mr K and Ms M were left with around alternative accommodation.

There seemed to be a lot of confusion around the dryness of the property even though it had been established following a visit in January 2024 there were high moisture levels and noticeable signs of water damage to flooring and skirting boards. I think this likely contributed towards delays in the drying starting. In a claim such as this, drying would typically be the one of the first required steps to restore a property. But, this didn't begin until April 2024, and ultimately, I think this will have avoidably extended the overall timeframe for the claim and in turn meant Mr K and Ms M had to live away from their home longer than was necessary.

I also think further distress was caused to Mr K and Ms M by extensions not being agreed in a reasonable time on their alternative accommodation. Mr K and Ms M weren't left without alternative accommodation, but I think they were left with some uncertainty due to existing bookings coming close to expiring without confirmation of costs being agreed for extensions.

Once the property was dry, Mr K and Ms M were asked to provide details of costs they were claiming. I can see that in June 2024, Lloyds wrote to Mr K to agree to various costs including electricity, food in the freezer, heaters, and a garden shed.

But Lloyds said it wouldn't agree to cover mileage or petrol costs as these weren't covered under the policy, and it thought the replacement hob Mr K and Ms M had provided a quote for was for a higher quality item than the existing hob. Additionally, Lloyds said it couldn't consider the train fares without receipts.

Regarding the petrol expenses, I wouldn't expect Lloyds to reimburse Mr K and Ms M their entire petrol costs since they'd still have had travel expenses had the incident not happened. However, while I acknowledge the policy terms don't cover this expense, I think it would be reasonable and consistent with good industry practice for Lloyds to consider any additional petrol costs above what Mr K and Ms M usually would have paid had they been able to remain at home instead of living in alternative accommodation.

The investigator said this should be limited to three months to account for the period he thought there were avoidable delays. However, Lloyds has confirmed the additional petrol costs were paid for the whole time Mr K and Ms M were in alternative accommodation. I think that's fairer since even during the period there weren't avoidable delays there was still an additional petrol cost considerable as part of a disturbance allowance.

I also acknowledge Lloyds said it would consider additional train fares but required receipts for this. The investigator said Mr K and Ms M may be able to provide other evidence such as a bank statement or online journey history with the rail operator. Other than their comments, I haven't seen anything more from Mr K and Ms M to show their additional rail travel costs. But bearing in mind it isn't uncommon for consumers to keep receipts or tickets for everyday expenses such as this I think, if there's other evidence Mr K and Ms M can provide to show this cost, Lloyds should consider it.

I understand Lloyds agreed to cover the cost of food lost in the freezer, but not in the fridge. Lloyds said this was because the policy terms only covered frozen food. I've reviewed the policy terms and I acknowledge these specifically say only frozen food is covered. Lloyds subsequently agreed to contribute £100 towards the cost of lost unfrozen food from the fridge, which I think is more than fair given the policy only specifically covered the frozen food.

I've considered if Lloyds unfairly handled the cooker and hob replacement. I understand there was a dispute over the choice of hob Mr K and Ms M had selected, as Lloyds thought it was a better hob, but it agreed to cover this choice of hob anyway. However, the hob couldn't be installed as it didn't fit the recess and the cooker which was ordered was found to be faulty after installation.

I don't think Lloyds reasonably could have acted differently to avoid these complications. I've seen nothing to suggest it could have known there was a fault with the replacement oven before it was installed and given that the hob was chosen by Mr K and Ms M instead of Lloyds, I don't think Lloyds were at fault for it not fitting as given the hob was chosen by Mr K and Ms M, they could have checked the specification of replacement hobs they were looking at to ensure they chose one of a suitable size for their kitchen.

I think it was reasonable following the complications with the kitchen appliances that Lloyds decided to cash settle this part of the claim. I also acknowledge Lloyds had arranged for temporary cooking appliances prior to this, but Mr K and Ms M said these were unsafe. However, other than Mr K and Ms M's comments, I don't think I've seen enough to show these were unsafe.

With regards to the scope of work Lloyds shared with Mr K and Ms M for the redecorating, I can see this shows the total cost of the work and a description of the specific works agreed sub-divided into each room. Lloyds said it didn't share the individual costs for each item within the scope of work as this was business sensitive information. I don't think that was unfair, and I think the level of detail contained on the scope of work reasonably would have allowed Mr K and Ms M's contractor to check what was included in the claim and if there were any missing repair elements required to put right the damage from the loss.

Lastly, I've considered if the £750 compensation Lloyds agreed to pay was fair and reasonable. I sympathise Mr K and Ms M and their family have been caused a great deal of disruption due to the damage their home suffered from the flood, including living in alternative accommodation for an extended period. I don't doubt it has been an upsetting experience.

In considering the impact, I think it was unavoidable that Mr K and Ms M had to move to alternative accommodation, and I think the extent of damage likely would have meant the claim would have taken several months to assess and resolve. But I also think there were avoidable delays in carrying out the drying of the property. And that the standard of communication from Lloyds has been unreasonable at points in the claim, including on the alternative accommodation and on the lack response to the complaint originally made in February 2024. I think these factors caused avoidable distress and inconvenience to Mr K and Ms M.

For the impact caused, £750 is at the upper limit of the range of compensation we may award where significant inconvenience has been caused over several months. So, having considered the impact to Mr K and Ms M from the avoidable delays on the claim, and poor communication, I think it's a fair and reasonable amount that is in line with our award levels. So, I won't be requiring Lloyds to pay more than this.

Putting things right

To put things right, I require Lloyds to:

- Pay Mr K and Ms M £750 compensation, if it has not done so already.
- Settle the additional petrol costs for the entire duration Mr K and Ms M were in alternative accommodation, if it has not done so already.
- Reconsider Mr K and Ms M's additional rail travel costs if they can provide any other evidence instead of just tickets or receipts to show their rail expenses were higher than usual while they were living in alternative accommodation.

My final decision

My final decision is that I uphold this complaint and I require Lloyds Bank General Insurance Limited to carry out what I've set out in the 'Putting things right' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K and Ms M to accept or reject my decision before 9 June 2025.

Daniel Tinkler
Ombudsman