

## **The complaint**

Mrs L complains about Lloyds Bank General Insurance Limited's ('Lloyds') handling of claims made on her home insurance policy for damage caused by escapes of water.

## **What happened**

In December 2021, Mrs L contacted Lloyds to make a claim on her home insurance policy after damage was caused to her home by an escape of water from her dishwasher. Around one week after making this claim, Mrs L contacted Lloyds again to report a second escape of water had occurred from her bathroom and made another claim for this.

Lloyds carried out an inspection and found that drying would be required which would require laminate flooring to be lifted. Mrs L was also asked to provide an estimate for repairs. Mrs L decided to postpone the claim until January 2022.

Between January 2022 and June 2024 there was sporadic contact between Mrs L and Lloyds regarding the estimate it had requested. Mrs L initially had difficulty getting an estimate, and when she did Lloyds didn't accept it because it didn't contain a breakdown.

By June 2024, the claim was still ongoing, and Mrs L got in touch with Lloyds to say she hadn't received a response after providing a breakdown. Lloyds then provided an update in July 2024 giving Mrs L the options for it to either carry out the repairs or make a cash settlement after carrying out a scope of works.

Lloyds appointed a contractor (who I'll call 'A') to carry out a scope of works. But after this was done, Mrs L asked if she could provide her own quotes for both claims. Lloyds agreed and Mrs L provided her own quotes which totalled £8,130. Lloyds offered Mrs L a cash settlement, however it estimated that the repairs would have cost it £7,712.18, so it offered Mrs L this amount rather than the £8,130 total from Mrs L's estimates.

Mrs L complained to Lloyds about the delays on the claim, its choice of contractor, and that the deduction it had made to the cash settlement was unfair.

Lloyds provided a final response to this complaint on 30 October 2024. In summary, it said:

- It thought Mrs L had confused A with another company with a similar name and that it carries out rigorous checks with all contractors who work on its behalf.
- The cash settlement it offered was based on what it would have cost itself to complete the repairs. But it would review the settlement offer again - including the costs relating to a carpet if Mrs L provided a quote for this.
- It agreed there were occasions where the claim could have been managed better and it said significant delays were caused because the previous claim handler who had been dealing with the claims had left. In recognition of this, it agreed to compensate Mrs L £1,250.

Mrs L remained dissatisfied, so she brought her complaint to us. Our investigator said A shared a similar name with another company, but A were still showing on Companies House as actively trading, so she didn't think they were the same as the insolvent company Mrs L thought had been instructed.

The investigator thought that it was reasonable for Lloyds to have offered Mrs L a settlement based on what it would have cost it to have carried out the repairs, since Lloyds had offered to carry out the repairs. And she thought offering to review the settlement upon receipt of an estimate for the carpet was a reasonable response. But she acknowledged that Lloyds had provided a new final response about the settlement amount and said this would be looked at as a separate complaint.

The investigator also considered the timeline of events on the claim and agreed there had been unreasonable delays. But she thought that £1,250 was a fair and reasonable amount of compensation.

Because Mrs L 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, while I understand Mrs L will be disappointed, I think Lloyds has already provided a fair response to this complaint, so I won't be requiring it to do anything more. I'll explain why.

I should start by saying while I've read and considered everything Mrs L 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've firstly considered if Lloyds treated Mrs L unfairly with its choice of contractor. A were instructed to carry out the scope of works for Lloyds, and I also understand would have been used had Mrs L chose the option of Lloyds carrying out the repairs. But Mrs L said that A were in liquidation and were trading illegally.

Lloyds said there were other companies which shared a similar name to A, but they weren't associated with A and that it carries out checks on contractors it works with.

Lloyds has provided the full registered company name and company number of A. I've checked this on Companies House and can see the status of this company is active.

Mrs L says that A went by a different name to this, and she's provided a screenshot showing a number she was called from. I have searched this number online, and I can see some of the results shown appear to connect to the name of the company in liquidation Mrs L said, rather than the registered company name Lloyds said.

Where evidence is incomplete or contradictory, I determine on balance of probability what I think is most likely. I can understand why Mrs L would be unwilling to allow a company that is in liquidation to carry out repair work to her home. But I don't think I've seen enough to show that these two companies are linked or that A were in fact the company which is in liquidation rather than the other company Lloyds said - which is actively trading. I acknowledge that searching for the phone number Mrs A provided does appear to return

some results which correspond to the company name in liquidation. But the results are limited and I can't see anything from the company itself. So, I'm not persuaded they accurately show that Lloyds instructed the company which was in liquidation.

Ultimately, had Mrs L accepted Lloyds offer for it to carry out the repairs, it would have been responsible for ensuring those repairs were lasting and effective. Lloyds is entitled to decide which contractors it works with, but as Lloyds said in its final response, the importance of it carrying out checks on approved contractors who work on its behalf is necessary to protect its own reputation. So, having considered the evidence provided by Mrs L and Lloyds, I think the greater likelihood here is that Lloyds did not instruct the contractor which was in liquidation.

I've next considered if Lloyds response to the dispute about the cash settlement was fair.

I should say here that I will only be considering if Lloyds acted fairly up to the point of its final response of 30 October 2024. I understand that Lloyds provided another final response after this, and after reconsidering the claim settlement. But that is being dealt with here as a separate case.

Lloyds said that its scope of works for the repairs was £417.82 less than the estimates Mrs L provided and that the cash settlement it would offer was in line with what it would cost itself to carry out the repairs, rather than what it would cost Mrs L.

I've looked at the policy terms. These give Lloyds discretion to settle a claim either by carrying out repairs or making a cash payment. It's generally good industry practice that if an insurer decides to settle a claim only by offering to pay a cash settlement that it should pay what the insured will have to pay to carry out a repair. However, if an insurer offers to carry out repairs, but the insured chooses a cash settlement instead, we'll usually say its reasonable for the insurer to pay a settlement based on what the repairs would have cost the insurer to carry out. And typically, that amount will be less than what it would cost a consumer for the same repairs given that insurers often have access to discounts that a consumer would not.

Looking at the claim notes, I can see that Lloyds did offer to carry out the repairs. But Mrs L asked if she could provide her own quotes instead. So, I think since Lloyds offered to carry out the repairs, but Mrs L opted for a cash settlement, it wasn't unreasonable for the cash settlement to have been based on what the repairs would have cost Lloyds to carry out.

Lloyds agreed to reassess the settlement amount in its final response, and specifically said it would look further at the cost of a carpet upon Mrs L providing a quote. I think that was a reasonable response at the time the final response was sent. I understand Lloyds has now carried out this reassessment, but I won't make any findings on that here since it is the subject of the separate case I referred to earlier.

Lastly, I've considered Lloyds handling of the claim. I've looked here at the period from when Mrs L made the claims in December 2022, to when Lloyds provided its final response on 30 October 2024.

Looking at the timeline of events, I think there were significant delays. I acknowledge Mrs L had two escapes of water in short succession resulting in two claims. But given that both claims were for escapes of water and happened so close together, I don't think that should have had a significant impact on the duration of either claim. I say this because there would have been shared aspects of the claims that could have been combined such as drying and assessing the damage.

I don't think there was a great deal of progress made between the claims being reported, and Lloyds resuming its investigation in June 2024 after Mrs L provided a breakdown. In large part, I think this was because Lloyds spent a large amount of time trying to obtain satisfactorily detailed estimates from Mrs L, with further delays caused by Lloyds claim handler leaving and no one else taking ownership of the claim until Mrs L chased Lloyds.

I don't think it was unreasonable for Lloyds to have initially asked Mrs L to provide an estimate. But I think it became clear she was struggling to do this, and I think Lloyds could have been more proactive in considering alternatives such as instructing a loss adjuster at an earlier stage in the claim. So, I think more likely could have been done by Lloyds to have progressed the claim and to have avoided delays on it.

But Lloyds didn't dispute that there were delays or that the claim could have been better managed at times. And it compensated Mrs L £1,250 because of that. I've considered if this amount is fair and reasonable.

The amount Lloyds paid is in the range of award we might make for circumstances where a business's actions have caused disruption over a sustained period. And I think that's appropriate here given that ultimately the repairs to Mrs L's home were avoidably delayed over a long period because of Lloyds. So, while I find that there were issues with the way Lloyds handled the claim, which caused distress and inconvenience to Mrs L, I think the amount of compensation it paid was in line with our award levels and was fair and reasonable. As such, I won't be requiring it to pay more than this.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 2 July 2025.

Daniel Tinkler  
**Ombudsman**