

The complaint

Mrs L complains about the settlement received from Lloyds Bank General Insurance Limited ("Lloyds") following a claim she made on her buildings insurance policy.

What happened

Mrs L has home insurance with Lloyds.

In December 2021 Mrs L made a claim for a leak from her dishwasher. Later in the same month Mrs L made a claim for an escape of water in her bathroom which was causing damage to her dining room.

Mrs L wanted to use her own contractors to carry out the work to her home. So, after the claim was accepted Lloyds' contractor provided a breakdown of the work required – detailing the labour and material costs.

Mrs L provided Lloyds with a quote from her own contractor which came to around £8,000. Lloyds asked for a breakdown of the quote so it could consider the costs against its own. Lloyds offered for its contractors to carry out the work, but Mrs L didn't agree to this. The cash settlement was increased from £7,712.18 to £7,846.12 following review of further information.

Mrs L doesn't think the settlement is enough for her to carry out the necessary repairs and so she complained to Lloyds.

Lloyds say it received an itemised list of repairs including the overall cost which came to £7,712.18. Of this, £1,823.72 was for the kitchen area affected by the initial claim, and £5,888.46 for the dining room and bathroom affected by the second claim. Lloyds increased the settlement by £33.94 for lacquer to be used on the dining room floor. Lloyds say it can only make an insurance payment for the amount quoted by its contractor and has included the damage caused by the leaking water claims in the settlement. So, Lloyds say it won't increase the settlement but would review the matter if Mrs L provided specific details for the materials used, since that likely accounts for the difference between the parties quotes.

Mrs L wasn't satisfied with Lloyds' response to her complaint so referred her complaint to this service. Our Investigator looked into things for her. She concluded that Lloyds had acted fairly and within the terms of the policy in its handling of the settlement. The Investigator noted she wouldn't expect Lloyds to pay for costs that hadn't been evidenced, and it had asked Mrs L for further information in respect of the costs she was claiming for. The complaint wasn't upheld.

Mrs L didn't agree. She said she provided Lloyds with all the paperwork and costs it had asked for. She says the settlement from Lloyds isn't enough to cover the cost of repairs and isn't happy Lloyds have asked for so much detail and information. Because Mrs L didn't agree the complaint has come 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.

Mrs L has brought a previous complaint to this service, but that doesn't form part of this decision. My decision is focused on the level of settlement of the claim.

A claim of this nature, involving significant works across major parts of the house, was bound to be both disruptive and stressful for Mrs L. Ultimately, the leak created the conditions that led to this claim. However, I must determine the additional impact caused by Lloyds, beyond what could reasonably be expected from its handling of the case.

I can see from the information provided that Mrs L spent significant time and energy in trying to engage with Lloyds to get her home back into the condition it was in prior to the escape of water. And I don't underestimate the stress this has caused her.

The policy is clear on how claims are settled. In the terms and conditions, it says the following;

"We will pay the cost of rebuilding or repairing the part of your home which is damaged (using a suitable equivalent material wherever possible) but not more than the cost of completely rebuilding it in its original form.

We have the option of giving you a money payment instead of repairing or rebuilding your home. We will either:

- *Pay the cost of repairing the damage less an allowance for wear and tear or;*
- *Pay the difference between the open market sale value of your home prior to the damage and its open market sale value after the damage.*
- *We will not make a deduction for wear and tear or depreciation if the buildings are maintained in a good state of repair."*

On review of the information provided to me by both parties I can see a lot of work has gone into trying to resolve the claim for Mrs L. Lloyds appointed its contractor to validate the claim and scope the work. I think this is reasonable given the extent of damage to Mrs L's property.

I can see Lloyds increased its original settlement offer once it considered the information and evidence provided by Mrs L. For example, Lloyds increased the settlement following receipt of information about lacquer for the dining room floor. And this is what I would have expected it to do. So, I think it acted reasonably in reviewing the level of settlement being offered to Mrs L.

I have seen the claim notes and can see Lloyds asked Mrs L to provide a breakdown of costs from her contractor detailing the costs of the material and labour they are quoting for. Lloyds told Mrs L that the limit of its liability is the amount it would pay its contractor for the same job.

So, in order to consider any further or additional costs it would need to see relevant evidence and documentation to confirm this.

I think it is reasonable for Lloyds to ask for evidence to verify Mrs L's claim, and she has a responsibility to provide Lloyds with the information it requests, and I can see she has done so on a number of occasions.

I'm satisfied that Lloyds has offered to carry out an effective and lasting repair which means it can settle the claim fairly, without Mrs L losing out. Since Mrs L wants to use her own contractor Lloyds must pay cash to settle the claim but it only needs to pay Mrs L the cost to the insurer. And that's what it has done here.

Taking all of this into account I'm not persuaded there are any grounds for me to fairly and reasonably require Lloyds to increase its settlement offer made to Mrs L without further evidence. If she is able to provide Lloyds with the information it requires then I would expect Lloyds to consider it.

I appreciate Mrs L will be disappointed with my decision. I can see its been stressful for her and I'm sure she thought the claim was going to be resolved with minimal fuss. But I can only consider whether Lloyds acted unfairly in settlement of the claim, and I don't think it has here.

My final decision

For the reasons given above I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 20 August 2025.

Kiran Clair
Ombudsman