

## **The complaint**

Mr A via his representative, complains that Society of Lloyds has unfairly handled a claim made on his commercial buildings insurance policy.

He feels the claim decision has been delayed and the offer to settle the claim is unfair and too low for the level of work required.

## **What happened**

The background of this complaint is well known to both Mr A and Society of Lloyds, so I've only summarised this below.

Society of Lloyds declined a claim made for storm damage to Mr A's property in March 2021. It repudiated the claim as it felt the damage claimed for, was not caused by an insured event, but was the result of maintenance related issues. Mr A later said this work was completed privately.

In June 2021, a second claim was made. This claim was made for damage to the roof, caused as a result of a break in, with entry obtained through the roof resulting in damage to the roof and internal ceiling. Mr A and his representative provided quotes for the repairs needed to repair the damage.

Attempts were made to validate the claim and the claim was closed after Society of Lloyds and its loss adjuster hadn't received the information it had requested from Mr A and his representatives.

The claim was re-opened in November 2022 with information being provided and Society of Lloyds loss adjuster issued an interim report in April 2023. This explained a police report had been requested for the break in and that Mr A and his representative had not provided evidence of the repairs to the roof for the damage that had been declined in March 2021.

The police report wasn't received until February 2024 and Society of Lloyds asked for more information from Mr A and details of the tenants within his property. It also requested evidence of the previous repairs having been completed from March 2021. Mr A and his representative did not provide anything to show this had been completed.

Society of Lloyds loss adjuster feel the quotes provided by Mr A for the repair works to the roof go beyond what is needed to repair the damage. They estimate the cost of the repair works to be in the region of £3200 and Society of Lloyds felt it was fair to apply an average to this as the building was underinsured. It offered a settlement of £834.15 with the average applied.

When Society of Lloyds issued its final response on the complaint, it said it had failed to calculate the underinsurance average in line with its policy terms. It explained what the calculation should be and made an award of £300 to recognise the inconvenience of this error and providing incorrect information.

Our investigator looked at this complaint and considered whether there was any avoidable delays with Society of Lloyds handling of the claim. And whether the settlement offered was fair and reasonable.

They didn't think the claim had been avoidably delayed by Society of Lloyds. It was entitled to ask questions to validate the claims made and the information requested was not unusual or uncommon and its requests were made within a reasonable time. Delays were added when Mr A and his representative didn't provide information requested and when police reports were being waited on. This was outside of Society of Lloyds control and our investigator didn't think it had delayed the claim.

Our investigator upheld the complaint in part. They felt the £300 award made to compensate for the average not being calculated in-line with the terms of the policy was fair and reasonable. And they didn't think Society of Lloyds needed to cover all of the costs for repair that Mr A had said were required. The quotes provided were to replace the whole roof and the information provided didn't support this level of work was required. But Society of Lloyds hadn't demonstrated it had fairly applied the average to the claim amount as it had failed to explain how it reached a higher valuation for the sum insured than the figure provided by Mr A when the policy was taken out. So, in the absence of this, he didn't think it was fair for Society of Lloyds to apply this.

Our investigator recommended that Society of Lloyds pay £3200 – the estimated cost to repair the damage caused by the break in – less the policy excess of £250. With this being an increase from what it paid previously, he also said it should pay 8% simple interest on the difference in the settlement paid, from the date of payment until the date of settlement.

Society of Lloyds accepted the recommendation. Mr A and his representative did not and he asked that the complaint be referred for decision but provided no further evidence to support why he disagreed with the outcome.

### **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 decided to uphold this complaint in part, for much the same reasons as our investigator. I know Mr A will be disappointed by this, but I'll explain why I've made this decision.

I've considered whether Society of Lloyds has made a fair claim decision when offering the settlement it has and whether, it caused any avoidable delays with the claim and its handling.

The summary of the background highlights that prior to the claim for damage resulting from the break in, Mr A's property had reported damage which was declined. This was because it was deemed a maintenance issue and not an insured event. Mr A said the repairs needed at this point were completed, but on request of proof of this having taken place, receipts for the work haven't been provided.

Society of Lloyds has asked for evidence of the previous repair to satisfy itself that all of the damage now claimed is new. Its loss adjusters reviewed the damage as a result of the break in and doesn't agree this would require the whole roof to be replaced. They feel the quotes provided by Mr A for the work are excessive and would result in more work being completed than is needed.

As our investigator set out, we expect an insurer to put right the damage caused by an

insured event. Here, the loss adjuster has explained the work it feels is needed to do this and the cost of this, totalling £3200.

I've not seen anything to demonstrate that Mr A had any previous repairs completed on the roof of his property after the claim for storm damage was declined in March 2021. And in the absence of this, I don't think Society of Lloyds has acted unfairly when it has been unable to agree to cover the costs of the quotes provided by Mr A. It has said if Mr A can demonstrate previous repairs were completed, the claim can be reviewed and I think this is a fair stance to take. And covering the cost of the damage it believes is related to the break in only, is fair and reasonable.

Our investigator explained why he didn't think Society of Lloyds was fair to reduce the settlement offered by applying an average. I agree, where it has failed to demonstrate how it has valued Mr A's property and total sum insured and how this impacted the overall cost of the policy, it has failed to demonstrate that it is fair to apply the average it has. So it is fair and reasonable that this is removed and this has been accepted by Society of Lloyds.

There was some miscommunication when Society of Lloyds first explained how it was applying an average and this was not correct to the terms of the policy. It will have caused some inconvenience to Mr A in understanding how his claim will be settled. But I am satisfied that the award of £300 for this inconvenience is fair and reasonable.

Mr A's complaint has been brought by his representative and he's explained why he feels damages for distress and inconvenience should be applied as well as the legal fees on top of the repair costs claimed. Any inconvenience experienced by the representative of Mr A in dealing with the claim on his behalf is not something this Service can compensate for. The customer of Society of Lloyds is Mr A and he is the eligible complainant. We can consider the impact of the claim and its handling on him, but not the representatives of Mr A as they are not the eligible complainant. So while I note the impact Mr A's representative has said this claim has had on him, this isn't something I can ask Society of Lloyds to consider.

Mr A owns a commercial property and is free to make commercial decisions as to whether to appoint a representative or use professional legal services to assist him with his claim. It hasn't been demonstrated what the costs Mr A has said he has incurred are for. But I think Society of Lloyds has made a fair claim decision with the claim and I don't think it is fair that it covers the costs of the services Mr A has incurred with his representation. And I see no reason to ask Society of Lloyds to go further than it has, with any award for inconvenience.

The claim has been ongoing for a number of years, but I have not been presented with anything to show that Society of Lloyds has added any avoidable delays to this process. As explained, most of the delay has come from Mr A and his representative not providing information asked for or when police reports have been delayed. When information has been provided, the claim has been progressed inline with a timeframe I consider to be reasonable and I don't think any further award for the delays is warranted.

### **Putting things right**

Society of Lloyd's have been unable to demonstrate how they calculated the reinstatement value to be £915,000. This is substantially higher than the quoted £310,000, used as the risk figure when the policy was incepted. Therefore, I can't agree they've fairly applied an average and the claim should be settled without the application of this.

Based on its assessment of the damage, it should pay £2,950 which is made up of the

estimated theft/break-in costs of £3,200 minus £250 policy excess, less what has already been paid to settle this claim previously.

Society of Lloyd's should also apply 8% simple interest per annum for the difference in payment until the date of settlement.

### **My final decision**

For the reasons I've explained above, I uphold Mr A's complaint.

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

Thomas Brissenden  
**Ombudsman**