

The complaint

Mr and Mrs J complain about Lloyds Bank General Insurance Limited's decision to decline a claim under a home insurance policy.

Lloyds has been represented on the claim by its agents. All references to Lloyds include its agents.

What happened

Mr and Mrs J had a home insurance policy with Lloyds. In June 2024, they claimed for water damage to multiple rooms in their property. They said this was caused by a leak from a sewer pipe, belonging to a water authority, who I will refer to as 'W'.

Between June and August 2024, Lloyds carried out various investigations but was unable to decide the claim. It said it would carry out further investigations when W excavated the relevant area, to repair their pipe. W carried out their work in October 2024, but despite Mr and Mrs J notifying Lloyds of this prior to works starting, Lloyds didn't attend.

Mr and Mrs J complained to Lloyds. They said it hadn't sent someone to investigate during W's excavation works. And that Lloyds's investigations had confirmed there were traces of sewage in the damaged parts of their home (linking the sewer pipe to the damage). They also raised the skirting Lloyds had broken in their home, and holes it made in walls, as part of its investigations.

After contacting W for further information, Lloyds declined the claim. It said W confirmed there was no evidence of wastewater around the sewer pipe that would connect to the affected side of Mr and Mrs J's home. And because there were no other leaks identified at the property, Lloyds said there was no insured event. It concluded the damage was likely damp from groundwater.

Lloyds issued a complaint response in December 2024. It accepted it was wrong not to attend during W's excavations, and for incorrectly leading Mr and Mrs J to believe it would repair the wall holes and damaged skirting. So it paid them £400 compensation. But it said it received the information it needed, from W, and there was no evidence of an insured event causing the damage. It believed the damage was caused by rising damp. It also explained the holes and skirting wouldn't be repairable as uninsured damage needed to be resolved first, which would include works and repairs to these affected areas. But it agreed to cover the cost of a replacement skirting part for the skirting it damaged during investigations.

Mr and Mrs J referred their complaint to the Financial Ombudsman Service. They maintained leaks from the sewer pipe had caused the damage they claimed for. They said W disposed of the excavated soil, which showed it was contaminated.

The Investigator didn't uphold the complaint. They said Lloyds acted fairly in declining the claim, on the basis the damage was likely not caused by a leak from the sewer pipe. They also said Lloyds's offer to pay the material cost of the skirting was fair, along with its payment of £400 to compensate for the loss of expectation and the distress caused.

Mr and Mrs J didn't agree. They said Lloyds's tests showed sewage (linked to the sewer pipe) in all four affected areas of their home. And because there were no other internal or external leaks, they said the damage was caused by a leak from the sewer pipe.

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 acknowledge I've summarised Mr and Mrs J's complaint in a lot less detail than they've presented it. Mr and Mrs J have raised a number of reasons about why they're unhappy with Lloyds. I've not commented on each and every point they've raised but, instead I've focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy by this, but it simply reflects the informal nature of this service. I assure Mr and Mrs J, however, that I have read and considered everything they've provided.

We've previously investigated Mr and Mrs J's complaints about Lloyds's handling of their claim up to 24 September 2024. Under this decision, I will consider Mr and Mrs J's complaint about Lloyds's actions and claim decision following 24 September 2024.

Mr and Mrs J's policy covers damage caused by a leak from a pipe. Mr and Mrs J claimed on the basis that damage to their property was caused by a leak from W's sewer pipe under their driveway. So under this decision, I've considered whether Lloyds acted fairly in concluding the damage claimed for, wasn't caused by a leak from the sewer pipe.

It's important to explain we aren't technical experts. Instead, we rely on the evidence provided by both parties. Where there is conflicting information or expert evidence, we consider which evidence is more persuasive, on balance, to reach an outcome which is fair and reasonable in all the circumstances. That's what I've done here.

I can see that one of Lloyds's agents, who I'll refer to as P, attended in June 2024 to carry out salt testing. I can see their initial opinion was the sewer pipe was likely causing the damage and high moisture readings in the affected areas. Given this early opinion, I think it was reasonable that Lloyds arranged further testing and investigation.

I can see it was confirmed in July 2024, that P's testing returned positive test results for nitrates and chlorides. But I don't consider this of itself shows there was likely water from the sewer pipe that had damaged the property. I say this because I don't consider the presence of nitrates and chlorides itself to confirm the presence of sewage water. I consider these elements can be common components of soil and the tests results could also indicate rising damp, not associated with a leak from the sewer pipe.

In July 2024, I can also see the Managing Director of W told Mr and Mrs J there had been a structural defect with the sewer pipe that required intervention to restore its structural integrity, ensure it was free flowing and didn't pose risk of future blockages. W also referred to there being only minor defects after localised structural repairs. But I don't consider this description of the issue suggests there was a substantial leak from the sewer pipe into the soil, to the extent it would likely reach Mr and Mrs J's property and cause damage. I can see W explained that a 'collapsed pipe' was not an accurate description of the issues found. W acknowledged Mr and Mrs J's concerns about damp and agreed to act on those concerns when carrying out further works. But it doesn't appear W accepted a leak from its sewer pipe had caused damp or damage to Mr and Mrs J's property.

In July 2024, a damage assessment company, who I'll refer to as D, completed investigation into soil samples taken from soil at Mr and Mrs J's property. D said it was probable there

were chemicals related to sewage/household wastewater in the soil at a depth of around one foot. I think this is persuasive evidence to suggest there was a leak from the sewer pipe, and water from that pipe travelled across the soil in the driveway towards Mr and Mrs J's property, causing damage. So I've considered this in line with the other evidence, to decide what I think is fair, on balance.

A chartered Surveyor, who I'll refer to as G, attended in August 2024. They said it was possible that the sewer pipe could account for some of the damage, but it was also possible that damp was a common result of a building of this age, that didn't have a damp proof course. They also said damp could be due to rising damp and condensation, which they said explained the height of the damage noted on the walls. So I don't think this was sufficiently conclusive that a leak from the sewer pipe caused damage to Mr and Mrs J's property.

In August 2023, D completed further testing on brick and render samples taken from affected parts of Mr and Mrs J's property. D concluded there was no ammonia or sufficiently high nitrite levels in the samples, and it was unlikely the areas in question had come into contact with sewer water. D also concluded, given the concentration of the elements detected, the likely source of moisture was groundwater. D said there was no concrete evidence of the materials having had contact with sewage. I also consider these conclusions persuasive in the circumstances, so I don't think there was enough information at that stage, to say Lloyds ought reasonably to have accepted damage was caused by a leak from the sewer pipe. It follows that I think it was fair for Lloyds to wait for the excavation works W was due to carry out, in order to find out more information.

Although Lloyds then failed to carry out inspections during W's works, it contacted W in October 2024, for evidence to show if the sewer pipe leaked and caused damage to the property. W's response in December 2024, confirmed there was no contaminated substrata around the sewer pipe. W's comments seemed to refer to the pipe as a whole, as opposed to one specific section. W went on to say no contaminated material was identified during their work and there was no evidence of a leak from the sewer pipe to the side elevation (affected area) of Mr and Mrs J's property. In light of this, and when considering all the information together, I don't think Lloyds acted unreasonably in concluding the damage reported under the claim, wasn't caused by water leaking from the sewer pipe.

Mr and Mrs J pointed out that W disposed of the soil they excavated – and they feel this was because the soil was contaminated. I've reviewed the work record for the company that carried out the works for W, and there's nothing to indicate disposal of the excavated soil was due to contamination concerns, as opposed to this being standard practice for this type of work, or due to the impact of the works on the soil. And keeping in mind the express confirmation from W outlined above, I'm not satisfied this sufficiently demonstrates the soil was contaminated by leaks from the sewer pipe.

Mr and Mrs J also said damage was greater to the side of the house adjacent the sewer pipe. While I understand their reasoning, I've not seen evidence of an opinion from the experts that attended their property, to discount rising damp as a possible cause for the damage, for this reason. So I'm not satisfied this sufficiently demonstrates the damage reported was only possible as a result of a leak from the sewer pipe.

Mr and Mrs J said the property showed evidence of drying following W's works to the sewer pipe. I've not seen evidence of the readings taken, but in any case, Lloyds has said moisture levels can ease in dry periods, even in instances of rising damp, when the water table subsides. And because I've not seen expert evidence to disprove what Lloyds has said, overall, I'm not persuaded the information Mr and Mrs J provided, shows the damage was caused by a leak from the sewer pipe.

Overall, having reviewed all the information, I don't think I can safely say it's more likely than not that the damage Mr and Mrs J claimed for, was caused by a leak from the sewer pipe. And I've not seen evidence to show the damage was caused by a leak from elsewhere, that would qualify as an insured event. It follows that I don't consider Lloyds acted unreasonably in declining Mr and Mrs J's claim.

I do accept that Lloyds failed to attend during M's works, despite saying it would. From what I've seen, Mr and Mrs J notified Lloyds on 21 October 2024, that M's works (excavation works) were due to start on 26 October 2024. Mr and Mrs J notified Lloyds on the same day W notified them – so I think they acted reasonably. I do accept this may still amount to short notice, but I don't consider there was anything preventing Lloyds from contacting W shortly after Mr and Mrs J's notice. And I've also not seen evidence to show Lloyds made any attempts to arrange the inspection shortly following Mr and Mrs J's contact. So overall, I don't think it acted fairly. And while I don't think further investigation would likely have changed the outcome of the claim, for the reasons outlined above; I consider Lloyds's failure caused Mr and Mrs J unreasonable distress and loss of expectation.

Because I'm not persuaded the damage Mr and Mrs J claimed for was due to an insured cause, I agree with Lloyds the uninsured works to address the damp would likely include repairs to the affected walls (where Lloyds made holes) and skirting (where Lloyds removed skirting). So, I don't think it's reasonable in the circumstances to require Lloyds to carry out repairs to these items. And I think Lloyds's offer to cover the cost of materials to replace the damaged skirting is fair. So I won't direct it to do anything else. But because Lloyds led Mr and Mrs J to believe it would carry out repairs to these items, I think it caused a loss of expectation and avoidable distress.

Overall, I think Lloyds's mistakes (as outlined above), would've caused Mr and Mrs J considerable distress, along with a loss of expectation. And in the circumstances, I agree the £400 compensation it paid them is fair, so I won't direct it to do anything else.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J and Mrs J to accept or reject my decision before 25 August 2025.

Monjur Alam
Ombudsman