

The complaint

Mr and Mrs A are unhappy with the way Lloyds Bank General Insurance Limited ("LBG") have handled the settlement of their claim.

Mr and Mrs A appointed a loss assessor to handle the claim and complaint on their behalf. For ease of reading, I'll refer to Mr A throughout my decision. When I refer to anything that Mr A said, or that LBG said, it should be taken to include things said on their behalf.

What happened

The background to this complaint is well-known to both parties, so I've summarised what I think are the key events.

Mr A claimed under his policy in May 2022 following an escape of water. At the time, he was carrying out renovations to his home. Mr A was unhappy with the way LBG handled his claim, so he complained to LBG. LBG issued a final response in which it agreed with some of Mr A's complaint and offered compensation. Mr A brought that complaint to our service. One of our investigators issued a view in which she said LBG should increase the compensation to £600. Mr A didn't accept the view and, because he'd appointed a loss assessor to manage the claim, the complaint was withdrawn.

In August 2024, Mr A complained to LBG again. He said that the contentious issues were:

- Reimbursement of structural engineer's fee.
- Compromised lounge carpet replacement.
- Removal and storage of kitchen units and items to facilitate the testing of concrete composition of the floors which had to be clear and unobstructed, and to prevent damage from being in a damp environment.
- Transport costs to remove and return the above items.

LBG issued a final response not upholding Mr A's complaint. It said:

- Costs weren't approved for the structural engineer's report beforehand, which is a requirement under the policy terms and conditions.
- LBG understood Mr A was replacing the lounge carpet anyway as part of his renovation, but it agreed to pay for the flooring to be removed, screeded, and a replacement carpet fitted. The cost was broadly equivalent to the cost to replace the damaged parquet flooring that was underneath the carpet.
- LBG didn't agree to Mr A's request for a cash indemnity settlement for his parquet flooring because it had already paid for the floor covering for the lounge.
- LBG rejected Mr A's request for removal and storage costs for his possessions. That's because LBG said it had already agreed some payments to cover storage, but the kitchen units were new, boxed, and stored in a room which wasn't affected by the escape of water. LBG said the property had been confirmed as dry seven months earlier.

Mr A brought the complaint to us, but our investigator didn't uphold it. He said LBG had

already paid for the new floor covering so he didn't think anything further was due to Mr A in respect of the parquet flooring. And our investigator didn't think LBG was responsible for paying the costs Mr A asked for because they weren't incurred as a direct result of the escape of water.

Mr A didn't agree. He said:

- LBG didn't pay him £600 compensation. He didn't accept the compensation recommended by our investigator in respect of his previous complaint because he didn't want to jeopardise his claim.
- The new, boxed kitchen units had to be put into storage, at his expense, to allow for accurate readings during the floor testing in March 2023. This was in an email sent to LBG in February 2023.
- LBG didn't inspect the lounge carpet in June 2022 and, later, it was found to be mouldy. He said LBG agreed the escape of water had caused the carpet to become mouldy and his loss assessor's readings showed high humidity in the lounge.
- Mr A said he incurred removal costs to furnish the alternative accommodation with his own furniture, which was another expense he incurred but LBG didn't cover.

Because Mr A didn't agree, the complaint was passed 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 not to uphold Mr and Mrs A's complaint for broadly the same reasons as our investigator.

To begin with, I must explain that I have not looked at the merits of any matters addressed by our investigation into Mr A's original 2022/2023 complaint. My remit is to decide matters only in relation to the complaint that LBG addressed in its 13 September 2024 final response. For that reason, I won't be addressing Mr A's complaint regarding the £600 compensation, other than to say he didn't accept the outcome of our investigation.

The Financial Conduct Authority's rules (ICOBS 8.1.1) say that insurers must handle claims promptly and fairly. The policy sets out the detail of the contract between Mr and Mrs A and LBG, so I've taken this into consideration, alongside the regulator's rules and the available evidence, in reaching my decision. Where the evidence is inconclusive, I've thought about what is most likely to have happened.

This claim has been ongoing for some considerable time, and all parties are aware of the details, so I don't intend to repeat them here. I'll focus on addressing the contentious issues. I don't doubt that Mr and Mrs A have suffered out of pocket expenses, and the distress and inconvenience they described. However, I can only ask LBG to pay for costs that relate directly to the escape of water, or for something they've done wrong. So I must separate that from the related costs and inconvenience that Mr and Mrs A would've always experienced because of the peril itself.

I'll address each issue of complaint as described by Mr A.

Structural engineer's fees

Mr A said LBG asked for the structural engineer's report, so he ought to be reimbursed for obtaining it. LBG said it didn't approve any costs for the report beforehand, which is a

requirement under the policy terms and conditions.

I've looked at the communication between Mr A and LBG during June and July 2022. This is when there was discussion regarding the structural engineer's report. Mr A wanted his own report because he didn't agree with LBG's opinion. While I see that LBG asked for a copy of Mr A's report, and indeed chased it on occasion, I can't see that it asked him to arrange the survey or that it would cover the fee. LBG had its own report and had no reason to doubt its accuracy, but it was willing to consider the report Mr A obtained.

The terms and conditions of the policy don't require LBG to pay for independent reports that it hasn't authorised in advance. Its willingness to consider any report Mr A provided does not, in my view, amount to prior approval or an agreement to reimburse the fee. And, as the report did not make a difference to the work for which LBG was liable under the policy, I see no reason for it to pay the structural engineer's fee.

Compromised lounge carpet

Mr A said LBG agreed the escape of water caused the lounge carpet to become mouldy. I understand this to be in relation to his request for a cash settlement for the parquet flooring. LBG said it had already paid for the floor covering for the lounge.

There's some dispute about whether the carpet was damaged by the escape of water or a separate leak from a radiator. There's also disagreement about whether Mr A intended to replace the carpet anyway during renovations. But I don't think these points are important here. That's because LBG agreed to, and did, replace the carpet anyway.

The lounge originally had carpet fitted over parquet flooring. LBG agreed the parquet flooring was damaged by the escape of water and was covered under the policy. Mr A provided a quote for the replacement but the invoice he finally submitted was for repairs to the floor and a new carpet. There's no evidence that the parquet flooring was replaced. Based on the evidence available, I'm satisfied that LBG settled the claim for the lounge carpet, and the floor repairs in lieu of the parquet flooring, fairly and reasonably in the circumstances. I see no reason for LBG to do, or pay, any more in respect of the lounge floor and coverings.

Removal, storage and related transport costs

The kitchen units in question were those bought by Mr A prior to the escape of water and which were part of the house renovation. He moved them into storage to protect them from damp and to allow for the slab tests. LBG rejected Mr A's request for any costs associated with the storage of the kitchen units because it was his responsibility to accommodate the requirements for the test he'd asked for. Further, LBG said the property had already been dry for seven months.

While the floor may have needed to be as clear as possible for the test, I can't agree that LBG is responsible for the storage of Mr A's kitchen units. I understand they were new and still in boxes, and that the property had been dry from the effects of the escape of water. LBG didn't require the test to the slabs, and the result confirmed its view that there were no concerns. So I don't consider it responsible for moving or storing items which weren't affected as a direct result of the insured event.

I've also looked at Mr A's request for storage and removal costs for his furniture. The evidence shows that Mr A had moved some contents into storage before the insured event as part of his renovations. LBG agreed to pay for the return of the contents from the alternative accommodation to his home and, as I understand it, removal of the contents to the alternative accommodation.

Given that Mr A had moved his contents into storage prior to the escape of water to accommodate his renovation work, he would've incurred the cost of moving them back. Therefore, I see no reason to ask LBG to pay any more.

Overall, while I understand this whole matter will have been distressing for Mr and Mrs A, I don't find that there's anything for LBG to put right in respect of the complaint I've considered here.

My final decision

For the reasons I've given, my final decision is that I don't uphold Mr and Mrs A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 22 August 2025.

Debra Vaughan
Ombudsman