

## **The complaint**

Mr H and Mrs H are unhappy with the service provided by Lloyds Bank General Insurance Limited (Lloyds) following a claim made on their home insurance policy.

Mrs H and Mr H are both party to this complaint. Mr H has primarily dealt with this service. For ease of reference, I have referred to Mr H throughout this provisional decision.

Lloyds is the underwriter of this policy. Part of this complaint concerns the actions of third parties instructed on the claim. Lloyds has accepted that it is accountable for the actions of third parties instructed by it. In my decision, any reference to Lloyds includes the actions of any third party instructed by Lloyds during the course of Mr H's claim.

## **What happened**

Mr H contacted Lloyds to make a claim following a fire causing damage to his home. The events following Mr H's claim are well-known to both Mr H and Lloyds, so I haven't repeated them in detail here.

To summarise, Lloyds used tarpaulin to cover the roof of Mr H's home which had been impacted by the fire. Due to bad weather, the tarpaulin was unable to prevent water from entering Mr H's home, and additional damage was caused to the kitchen, flooring, and tiles.

There were also several periods of delay in progressing the claim. Some of these delays were caused by factors outside of Lloyds' control, such as the discovery of asbestos, which had to be dealt with before any repairs could be started.

Mr H informed Lloyds about his contents that had been impacted by the fire. These were taken off-site to be sorted. But when they were returned, some of the items had been destroyed, and others were missing.

Mr H complained to Lloyds about several aspects of its claim handling, saying progression of the claim had been slow, his contents claim had been poorly handled, Lloyds had failed to properly secure the roof with a tin hat at the start of the claim, and Lloyds' poor claims handling had severely impacted Mr H's day to day living, and enjoyment of his home.

Lloyds considered Mr H's complaint and agreed its service had been poor in parts. Lloyds paid Mr H £1,150 in recognition of its poor service, and the impact on Mr H. Mr H wasn't happy with this response and referred his complaint to the Financial Ombudsman Service.

The Investigator considered the evidence and said Lloyds needed to do more to put things right. The Investigator said it was unfair for Lloyds to offer settlement for the contents that had been destroyed and/ or missing against the policy limit for a contents claim. The Investigator said Lloyds should instead pay for these items as financial compensation as the poor service had been caused by the service provided by Lloyds' agent.

Lloyds accepted the Investigator's findings, saying '...if the SI (Sum Insured) has been affected by the business not acting sooner to protect the property or by fault of our

contractors, then we can look to adjust the SI accordingly, by that we mean suitably adjust where the payments have been recorded'. Mr H rejected the Investigator's findings, citing several issues that have developed and not been resolved. As the complaint couldn't be resolved it has been passed to me for decision.

I issued a provisional decision on Mr H's complaint. This is what I said about what I'd 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'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that has happened or been argued is set out above, I've read and considered everything that has been provided.*

*Additional damage to kitchen, flooring, and tiles*

*It's not disputed that Lloyds could've done more to secure Mr H's roof properly, and in good time, to prevent additional damage from occurring to the kitchen, flooring, and tiles. These repairs were only included in the schedule of work around February 2024.*

*I recognise what Lloyds has said about this damage being noted early in the claim, and that the claim might've naturally evolved to include these repairs- as claims of this complexity often do.*

*But equally I think the evidence is compelling, including Mr H's testimony and photos, in saying that Lloyds ought to have acted sooner in recognising the limited protection provided by tarpaulin to cover the roof. Lloyds should've recognised the damage that was likely to occur to other parts of Mr H's home if action wasn't taken to secure the roof properly. On balance, I think it's more likely than not that this damage could've been prevented, or at least contained, if Lloyds had done more to secure the roof properly from the outset.*

*I note Lloyds agreed to include repairs for the kitchen, flooring, and tiles in the schedule of work agreed with Mr H. Mr H's main complaint now relates to how this cost will be recorded for the purposes of his claim. Mr H feels strongly that this shouldn't be included as part of his buildings claim under his policy. This is on the basis that it wasn't caused by the fire itself. Having considered what has happened, I'm minded to agree.*

*Lloyds has said that '...if the SI (Sum Insured) has been affected by the business not acting sooner to protect the property or by fault of our contractors, then we can look to adjust the SI accordingly, by that we mean suitably adjust where the payments have been recorded'. I'm minded to say Lloyds should pay for the repairs to the kitchen, flooring, and tiles as financial compensation, rather than a settlement under the buildings part of Mr H's policy. This reflects the damage being repaired as a result of Lloyds not acting sooner to protect Mr H's home from further damage- rather than damage caused by the insured event.*

*Contents claim*

*The Investigator said it was unfair for Lloyds to offer settlement for the destroyed and/ or missing items against the policy limit for a contents claim. The Investigator said Lloyds should instead pay for these items as financial compensation as the poor service had been caused by the service provided by Lloyds' agent.*

*The Investigator said it was unfair for Lloyds to offer settlement for the destroyed and/ or missing items against the policy limit for a contents claim. The Investigator said Lloyds should instead pay for these items as financial compensation as the poor service had been caused by the service provided by Lloyds' agent.*

*Lloyds accepted the Investigator's findings on this point. As this isn't a point of dispute for either party, I'm minded to direct Lloyds to pay for any destroyed and/ or missing items as financial compensation, rather than a settlement under the contents part of Mr H's policy.*

### *Impact*

*The scope of my decision when considering Lloyds' claim handling has considered its service from 27 April 2023 until Lloyds' final response of 28 August 2024.*

*I accept that the need to claim on an insurance policy inevitably causes some upset and inconvenience, even when things progress as they should. And it's important that any direction I make to Lloyds reflects the upset it has caused by its failings, rather than the upset of having to deal with the insurance claim itself. But Lloyds' actions have meant that Mr H has had to chase matters continually, and have repair work delayed for a prolonged period. And this has caused significantly more upset and inconvenience on a daily basis, over a sustained period than what would be expected for a claim of this type.*

*I've carefully considered Lloyds' submissions about some of the delays being caused by factors outside of its control, and how decisions around the covering of the roof would've still meant that the tin roof was put on later in the claim, rather than at the start. I accept that there may have been some impact on the timeliness of the claim progressing because of the nature of the claim, and factors outside of Lloyds' control, including managing the discovering of asbestos before repairs could start.*

*But even with these factors in mind, as Lloyds also accepts, there were long periods of avoidable delay on the claim. And bearing in mind Mr H's compelling testimony and the impact he has described on his day to day living, I'm persuaded Lloyds needs to do more to put things right, in addition to the £1,150 compensation already paid.*

*Mr H has described in detail the impact on him and Mrs H as a result of the poor handling of his claim. This includes having to deal with various house moves for temporary accommodation, continually chasing Lloyds for updates, and not being able to enjoy their home over a prolonged period. Mr H has described how his existing health conditions have been made worse by the stress and delays caused by the poor handling of his claim. I accept that Mr H might well have experienced some level of stress and upset because of the very nature of making a claim of this size and complexity. But it's evident Lloyds did little to assist Mr H in making this process efficient and streamlined.*

*When thinking about our award bands for when things go wrong, and the impact on a consumer, I'm persuaded £2,000 is fair and reasonable compensation for Lloyds to pay for what went wrong with the handling of the claim, and impact on Mr H and Mrs H. This amount recognises the delays on the claim, and continual chasing on numerous issues.*

*This compensation considers the poor service provided in relation to Mr H's and Mrs H's contents, where the issue of missing/ destroyed items went on for several months. It wasn't until the involvement of this Service that Lloyds agreed to treat the missing/ destroyed contents as financial compensation, instead of items to be considered as part of Mr H's contents claim. As Lloyds caused the damage to these items, it ought to have acted sooner in informing Mr H what it'd be doing to put things right, and how the claim would be recorded.*

*This compensation also considers the poor communication about the end date of the rental property. Mr H was on holiday after many stressful months of dealing with the claim. He'd hoped to spend this time not having to worry about the claim. However he wasn't able to do this properly as there was poor communication about the rental property he was living in, and what it would mean for Mr H and Mrs H. I accept this was later rectified; however this doesn't take away the impact on Mr H on having to deal with this whilst on holiday.*

*Mr H has highlighted how his home is often used for socialising, as this helps him stay connected to the wider community around him. I'm persuaded by Mr H's testimony about how the time spent in his home hosting for friends and family is a key aspect of his livelihood, and he hasn't been able to enjoy this for an extended period of time, largely because of the poor handling of his claim, and what this has meant for the time taken to complete repairs.*

*I'm mindful that claims of this size and complexity can cause upset and frustration, even when things go as they should. But it's evident Lloyds' service has been poor for large parts of the claim. It could've communicated better, shown more proactive management of the claim, and acted more expediently in reaching decisions on the claim. These failings have all led to undue upset and inconvenience being caused to both Mr H and Mrs H over a prolonged period.*

*And there are several examples of failings that happened from the start of the claim to the date of Lloyds' final response letter. So Mr H has been impacted over 10 months by different failings- from chasing repair of the poor roof covering, to complaining about his contents not being properly dealt with. The impact has been continual and as a result made Mr H and Mrs H more exasperated each time. So I think it's fair that the compensation award reflects this continual pattern of failings, over an extended period.*

*Having considered carefully what has happened, alongside the evidence supporting Mr H's testimony about where there have been failings, I'm persuaded £2,000 compensation is broadly in line with we'd direct in the circumstances for the reasons I've explained. So I'm minded to direct Lloyds to pay this. If any of this amount has already been paid, Lloyds must pay the outstanding amount only.*

#### *Additional complaints*

*I've seen that as part of Mr H's response to the Investigator's findings he has referred to several other aspects of Lloyds' claims handling which remains in dispute. This includes (but is not limited to) the settlement amount offered for the kitchen, and choice of supplier Mr H feels is being forced on him.*

*I've carefully considered Mr H's comments. I thought it would be helpful to provide some clarity about the Financial Ombudsman Service's role and the scope of the complaint that I'm deciding. Our role is to resolve disputes between complainants and financial businesses, to help both parties move on. It isn't our role to handle a claim or to deal with matters as they arise.*

*When dealing with a complaint about an insurance claim that remains open and on-going at the time of being referred to this Service, we limit the scope of our decision making to issues which a business has had the opportunity to answer first. Mr H will need to raise any new issues with Lloyds to respond to first. Should Mr H's concerns remain unresolved, this would be the subject of a new complaint.*

### **Putting things right:**

*I intend directing Lloyds Bank General Insurance Limited to:*

- 1. Pay for the repairs to the kitchen, flooring and tiles as financial compensation, rather than a settlement under the buildings part of Mr H's policy;*
- 2. Pay for damaged and/or missing contents as financial compensation, rather than a settlement under the contents part of Mr H's policy; and*
- 3. Pay £2,000 for distress and inconvenience. If any of this amount has already been paid, I'm minded to direct Lloyds to pay the outstanding amount only.*

### **My provisional decision**

*With this in mind, unless anything changes as a result of the responses to my provisional decision, I intend to direct Lloyds Bank General Insurance Limited to follow my direction for putting things right as set out above.*

### **The responses to my provisional decision**

I invited both Mr H and Lloyds to respond to my provisional decision. Lloyds accepted the provisional decision bar a minor question about how to record the avoidable costs. Mr H didn't accept the provisional decision, citing his reasons for why Lloyds needs to do more to put things right.

### **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 carefully considered all the points raised by Mr H. I've focused my comments on what I think is relevant. If I haven't commented on any specific point it's because I don't believe it has affected what I think is the right outcome.

Lloyds has explained that the avoidable costs would be moved from the contents/buildings section to another area of the claim so as not to affect the policy. This action is reasonable, and I'll be amending my direction for putting things right to include the same. Lloyds has also said it agrees with the increase in compensation from £1,150 to £2,000 and will pay the remaining £850. I'll be directing the same.

Mr H says, *'We agree with your provisional recommendations, but additionally we need changes in the project manager, both in personal and attitude, and guidance following them walking out without any details, this really is disgraceful, unprofessional and stressful, we are lost as to what happens next.'* Mr H has further detailed several instances of poor service experienced in recent times because of Lloyds' poor handling of his claim.

It's always disappointing to hear a business hasn't provided the level of customer service a consumer would expect. The scope of my decision when considering Lloyds' claim handling

has considered its service from 27 April 2023 until its final response of 28 August 2024. In line with our rules I can't comment on the service provided outside of this time. Mr H's response to the provisional decision makes it clear that he remains unhappy with Lloyds' handling of his claim after August 2024. But that's not something I can look at now.

I'm satisfied my provisional decision has carefully considered the service provided by Lloyds, included where this could've been better, and the impact of this on Mr H. My direction for putting things right is reasonable and in line with our approach. I note Mr H also agrees with my directions. It's recognised, and unfortunate, that Mr H has felt the need to raise further concerns about the continued poor handling of his claim. But for the reasons I've explained, it's not within my scope to consider these issues at this time.

I would urge both parties to work together to try and resolve Mr H's concerns and ultimately allow the claim to achieve closure. In the meantime, in line with our rules, Mr H will need to raise any new issues with Lloyds to respond to first. Should Mr H's concerns remain unresolved, this would be the subject of a new complaint.

I've carefully considered Lloyds' and Mr H's submissions. But I don't think these comments materially change the outcome or my direction for putting things right on Mr H's complaint.

### **Putting things right:**

Lloyds Bank General Insurance Limited is directed to:

1. Pay for the repairs to the kitchen, flooring and tiles and record these avoidable costs to another area of the claim so as not to affect the costs recorded for the buildings claim under Mr H's policy;
2. Pay for damaged and/or missing contents and record these avoidable costs to another area of the claim so as not to affect the costs recorded for the contents claim under Mr H's policy; and
3. Pay £2,000 for distress and inconvenience. If any of this amount has already been paid, Lloyds must pay the outstanding amount only.

### **My final decision**

For the reasons provided I uphold this complaint. Lloyds Bank General Insurance Limited is directed to settle this complaint as set out above in my directions for putting things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 31 July 2025.

Neeta Karelia  
**Ombudsman**