

## **The complaint**

Mr D complains about the way Lloyd's Bank General Insurance Limited ('Lloyd's') dealt with a claim he made under his home insurance policy.

## **What happened**

The following is intended as a summary of key events only, as the background to this complaint is well known to both parties.

Mr D held a home insurance policy underwritten by Lloyd's. He contacted them to make a claim in June 2021 after a farm tractor caused damage to a workshop adjacent to his property. The claim was accepted and progressed but there were disagreements over the amount required to repair the damage. Lloyd's initially made a cash settlement offer of £2,280 less the policy's excess; however, Mr W felt this sum wouldn't allow him to carry out the required repairs. Mr W later submitted a quote for works totalling £26,339+VAT which Lloyd's didn't agree with.

That point was referred to this Service as part of a complaint in which an Investigator concluded that Lloyd's scope of works demonstrated that they could have repaired all the damage for around £11,000. The Investigator said that as they didn't have a comparable quote from Mr W they couldn't fairly conclude Lloyd's offer was unfair. But they said if Mr W provided future evidence that works Lloyd's hadn't included in their quote were required then Lloyd's should review this.

Mr W provided further information to Lloyd's in order to attempt to build a comparison of his incurred costs against their offer; but Lloyd's said a visit couldn't be agreed as Mr W hadn't allowed Lloyd's a further site visit as they said Mr W had explained he felt he'd already provided enough information for them to review their settlement. Mr W raised a further complaint.

Lloyd's provided a final response in September 2024 but they said as no further information had been provided since March 2024, they maintained the decision to settle the claim based on their own contractor's scope of work and costs – which they increased to take into account inflation and interest, less the policy's excess. But they did award £150 compensation due to some service level delays. Mr W remained unhappy with Lloyd's response to this complaint, so he brought it to this Service.

An Investigator looked at what had happened and recommended that the complaint should be upheld in part. She said Lloyd's had accepted Mr W gave them several notifications of his intention to get the works done but Lloyd's hadn't responded until it was too late and noted Lloyd's had agreed to consider a settlement in line with Mr W's own incurred costs which she thought was fair. But she felt that Lloyd's would still need to validate the claim to understand more about why there was a significant difference in costs between their increased against Mr W's incurred costs of £26,339+VAT.

The Investigator said Lloyd's contractors should consider Mr W's costs and determine whether they formed part of the covered claim, which included drainage costs, the

replacement of the entire roof, and the removal of asbestos. The Investigator said Lloyd's should reconsider the claim settlement and pay 8% interest of any payments made from the date of the repair invoice to the date Lloyd's settled the claim.

In respect of Mr W's losses, the Investigator said that they were only able to consider events between November 2023 to September 2024 and wouldn't be commenting on anything this Service had already considered in the past. She looked at the losses Mr W said he'd incurred, which included losses due to re-mortgaging to an interest only agreement in March 2024 and borrowing money from a mutual acquaintance in order to pay his mortgage payments. The Investigator said she was unable to fairly ask Lloyd's to pay these costs as she felt there were other factors that had caused Mr W to re-mortgage to an interest only deal; and she'd seen no evidence of the loan agreement which satisfied her that Lloyd's should pay these costs.

In relation to the claim impact to Mr W, she felt that Mr W had faced unnecessary inconvenience during the claim, and as Lloyd's had now agreed they weren't proactive when Mr W was asking them about having the works done, she recommended Lloyd's pay a total of £500 compensation.

Lloyd's accepted the Investigator's recommendations and said they had already paid £150 so would look to raise a further £350 but wouldn't remove the asbestos roof tiles that had been left at Mr W's property following the roof repairs. They said if Mr W provided an updated quote for its removal they would review it.

Mr W also responded but didn't agree with the outcome - Mr W's main points were that:

- Lloyd's had been made aware of ongoing additional damage and flooding and he had provided photos of this while they were refusing to carry out repairs or cash settle.
- He'd paid for the cost of repairs using his personal savings to avoid further damage being done to the building, and as he'd lost his employment in March 2024, he was only left with enough money to cover around five months of mortgage repayments.
- When his savings had been exhausted, he'd been forced to borrow £8,000 from a friend of a friend to allow him to pay the interest only payments for a further year.
- Mr W outlined that if Lloyd's had either completed the work themselves or settled the claim, he'd have been able to use his savings to pay his mortgage for around 27 months.
- He maintained that the need to reduce his mortgage to interest only was directly as a result of Lloyd's and nothing to do with him losing his employment.

The Investigator then went back to Lloyd's and asked them to consider Mr W's updated costs and provide a response. Lloyd's carried out a comparison exercise and provided a further updated response, in which they said they were not persuaded by Mr W's presented costs, due in part to Mr W's significant alterations to the barn which appeared to render the barn inhabitable. And Lloyd's said this was consistent with comments Mr W had made earlier when he said he was seeking a contribution to the repair costs from Lloyd's when making it a habitable space. Lloyd's concluded that the quote prepared for Mr W included costs beyond those needed to repair the impact damage being claimed for, which would be covered under the policy.

The Investigator took all of this new information into account and issued a second recommendation, in which they concluded that Lloyd's had assessed Mr W's quote and agreed that £10,928.48 (plus VAT) of this sum would be payable for the insured damage. In addition to this, they agreed to pay the costs of asbestos disposal of £2,500 plus VAT. She said that, given the evidence presented by Lloyd's, she thought their offer was fair.

So, the Investigator recommended that Lloyd's should pay £10,928.48 plus VAT, pay 8% simple interest, calculated from the date Mr W paid the repair invoice in full (less the cost of the asbestos removal), to the date Lloyd's make payment, as well as pay £500 compensation.

The Investigator also maintained that she didn't think Lloyd's were responsible for Mr W's increased mortgage costs – for the reasons she'd previously given.

Lloyd's responded to the Investigator's view and maintained they didn't recall any discussions around replacing the roof as a whole (including timbers), or removal of any contents. They also confirmed there was no reporting of wind related roof damage.

Mr W also disagreed with the Investigator's outcome. His main points were:

- Lloyd's were responsible to put him in the same financial situation as prior to the damage to his outbuilding.
- Lloyd's were made aware and provided pictures of the building being flooded because the roof was losing roof sheets, but they still did not instigate works.
- Lloyd's inspected the building in 2021 and the rates they propose for settlement do not take into account that inflation was in excess of 10%.
- The photos Lloyd's had taken of the barn were from over two years after the completion of the insured works and showed additional works underway, which were completely unrelated to the insured works.
- In relation to the soak away, that was a requirement set by building control who said that as the roof was being replaced, the soak away had to be relocated.
- The only scope of works that can be relied upon is that of the builder who provided the quote and carried out the works.
- A total cash settlement of £31,967.50 is the only amount to put Mr W in the same financial situation as prior to the workshop being hit by the tractor.

Mr W asked for an Ombudsman to consider the complaint – so, it's been 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 have come to largely the same overall outcome as the Investigator.

I should explain from the start that I won't be repeating the entirety of the complaint history here in my decision or commenting on every point raised. Instead, I've focussed on what I consider to be the key points that I need to think about in order to reach a fair and reasonable conclusion. This reflects the informal nature of this Service and our key function; to resolve disputes quickly, and with minimum formality. However, I want to assure both parties I've read and considered everything provided.

I also need to explain what period I will be considering as part of my decision. Mr W has previously brought complaints to this Service so I won't be revisiting any points those previous complaints covered and instead I will be considering the main points Mr W has raised as part of this specific complaint – which relate to the amount Lloyd's should pay to settle the claim, his losses he says are due to Lloyd's delays as well as removal of the asbestos roof tiles. I've referred to each of these points in turn below as part of my findings, for ease of reference.

### Claim settlement

Broadly, this aspect of the complaint comes down to a disagreement over the extent of the works Mr W had completed. Mr W says the repairs were carried out in line with the specification identified during Lloyds inspections. In response Lloyd says the evidence he provided represents a much broader programme of work than was necessary to repair the damage caused by the insured event. They concluded that the details in his quotation and invoice is extended both in cost and scope beyond what was covered under the policy.

Lloyds explained that when they first inspected the damage, Mr W had discussed converting the workshop into accommodation, and at that time he considered a cash settlement for that purpose. It was only after an offer was made - with an additional sum to cover the cost of the drain down the side of the building - that Mister W decided not to go ahead with conversion and instead replaced the roof. Shortly afterwards, he informed Lloyds the roof could not be repaired because it contained asbestos. Lloyd said there were then several months about contact from Mr W, before they were told the works were going ahead and they received quotes for the same.

I recognise this has been a complex and drawn out claim, and I've considered Mr W's reason for rejecting Lloyds in settlement offer. However, in order for me to direct Lloyds to pay the full amount Mr W is claiming under the policy, I would need to be satisfied the works were necessary to reinstate the property to the same condition it was in immediately prior to the insured event - and not to a more modern, upgraded, or altered state.

Ultimately, I haven't seen anything that persuades me that the total costs he is seeking reimbursement for are all due to the initial insured event. For example, while Mr W has explained that the soakaway was a requirement set by building control - who said that as the roof was being replaced the soakaway had to be relocated - I think it's clear that the entire roof being replaced was never part of the scope that Lloyd's set out in response to the insured event.

Additionally images provided by Lloyds showed the building in a significantly more modern state than before the incident. While the use of modern materials can be unavoidable in reinstatement, I think Lloyds has demonstrated that the extent of change here indicates an improvement project, not just restoration. While Mr W says the only scope of works that can be safely relied upon is that of the builder who provided the quote and carried out the works I'm not satisfied this would result in a fair and reasonable outcome in all the circumstances.

I agree with Mr W that Lloyd's is required to put him in the same position as he was prior to the damage to his barn. But I'm satisfied the offer that Lloyd's has made achieves this outcome. I'm ultimately persuaded that the newest scope of works exceeds what was likely caused by the initial insured event. While Mr W does acknowledge that there has been additional works carried out, I haven't seen any invoices that separate these works out from the scope of the insured works required. And it appears to me that's the total cost that Mr W has submitted does include works over and above what would be initially covered under the policy. For those reasons, I'm satisfied the settlement offer made by Lloyds reflects the reasonable cost of repairing only the damage caused by the insured event.

### Asbestos roof tiles

Lloyd's has now agreed to cover these costs of £2,500 + VAT – so, I consider this complaint point to be resolved.

### Financial losses

Mr W says he paid for repairs himself and as such, he had to take out a loan to pay his mortgage, as well as take out a loan from a friend. I have considered whether the additional costs Mr W is claiming, including the borrowing cost to meet his mortgage interest, flow directly from the insured event and from any unreasonable delays by Lloyd's. On balance, I am not persuaded that they do. The evidence shows that some of the works carried out, and therefore some of the expenditure for Mr W savings, related to matters outside the scope of the insured peril.

The policy only covers the cost of repairing damage caused by the insured event. It does not extend to additional work chosen by a policyholder which are not necessary to restore the insured damage to its previous condition. Because part of the funds were spent on repairs which I find were unrelated to the insured events, I cannot fairly say that the entirety of Mr W's financial difficulties were caused by Lloyd's' handling of the claim. The decision to undertake additional works was ultimately a matter for Mr W, but it breaks the chain of causation between any delay and the later need to borrow funds.

For me to require Lloyd's to meet the mortgage interest or borrowing costs, I would need to be satisfied that these losses were unnatural foreseeable and direct consequence of their actions, and that they would not have arisen but for Lloyd's delay. Given the unrelated works undertaken however, I am not persuaded this test is met, and I therefore do not consider it fair or reasonable to require Lloyd's to meet these additional costs

### **Conclusion**

Having considered all the evidence and the points raised by both parties, I'm satisfied that the settlement Lloyd's has offered for the insured repairs, together with £2,500 plus VAT for the asbestos removal - represents a fair and reasonable resolution to the substantive elements of Mr W's claim. This reflects the costs of the repairs that I'm persuaded were necessary to reinstate the damage caused by the initial insured event, in line with the policy's terms.

I note that Lloyds has previously agreed to pay a total compensation sum of £500 that the investigator recommended. Having considered the demonstrated impact to Mr W, I consider this to be a fair reflection of the inconvenience and distress caused by delays in progressing and settling the claim. I appreciate this may not be the level of compensation Mr W had hoped for, and it may not ultimately change matters for him, given his larger concerns. But I consider this amount of compensation to be a fair and reasonable outcome to this particular complaint.

### **My final decision**

For the reasons I've outlined above my final decision is that I uphold this complaint in part. I direct Lloyd's Bank General Insurance Limited to:

- Pay £10,928.48 plus VAT for the proportion of insured damage (if they haven't already)

- Lloyd's should pay 8% simple interest on this sum, from the date Mr W paid the repair invoice on 28 April 2023, until the date Lloyds pays the amount.
- Pay the asbestos removal quote of £2,500 plus VAT.
- Pay £500 total compensation (less any sums already raised).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 10 September 2025.

Stephen Howard  
**Ombudsman**