

The complaint

Mrs H complains about the way Lloyds Bank General Insurance Limited handled a claim made under her home insurance policy.

Reference to Mrs H or Lloyds includes their respective agents and representatives.

What happened

The circumstances aren't in dispute, so I'll summarise the background:

- Mrs H got in touch with Lloyds following storm damage to her home. Lloyds accepted and settled the claim.
- Mrs H complained. She thought there had been delays and poor communication, and Lloyds should have offered alternative accommodation ("AA"). She also thought the buildings cash settlement was insufficient.
- Lloyds conceded its service had been below the expected standard. As a result, it paid £400 compensation. It said it acted fairly in relation to the other points.
- Our investigator thought Lloyds acted fairly in relation to the claim settlement and AA. And she thought its offer of £400 compensation was fair and reasonable, given the way it handled the claim.
- An agreement wasn't reached, so the complaint has been passed to me.

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.

- When considering what's fair and reasonable in the circumstances I've taken into account relevant law and regulations, regulators' rules, guidance and standards, codes of practice and, where appropriate, what I consider to have been good industry practice at the time. Whilst I've read and taken into account everything said by both parties, I'll only comment on the points I think are relevant when reaching a fair outcome to this dispute. That's a reflection of the informal nature of this Service.
- There are a number of different points to this complaint, so I'll take each in turn.

Claim settlement

- Mrs H complained about the buildings cash settlement, as Lloyds paid less than it would cost her to get the repairs carried out by a local contractor.
- The relevant parts of the buildings section of the policy say, in summary:

- Lloyds will repair the damage but may pay a cash settlement instead.
 - It will use a supplier to carry out repairs.
 - It may get a discount from that supplier.
 - If Mrs H asks to settle the claim by cash payment, rather than asking Lloyds to use a supplier to carry out the work, Lloyds will pay Mrs H what it would have paid its supplier.
- Most home insurers have policy terms along these lines, so they're not unusual. And I don't think they're unfair in principle.
 - In this case, Lloyds offered to carry out the repairs. So if Mrs H wanted to avoid losing out financially due to the difference between the cost of Lloyds' supplier and the local contractor, she didn't have to. She could have accepted Lloyds' offer to carry out the repairs instead.
 - Though Lloyds' supplier would carry out the work for a lower cost than the local contractor, that doesn't necessarily mean it would have been to a lower standard. As Lloyds notes in its policy, it may get a discount from its supplier. And it's common for insurers to benefit from lower rates when using suppliers from their panel than might be found with local contractors in the open market.
 - When carrying out a repair, Lloyds is responsible for doing so in an effective and lasting manner. Whilst Mrs H had concerns about whether Lloyds would meet this standard, I haven't seen any evidence to show it would likely have failed to do so.
 - Nonetheless, Mrs H was entitled to ask for a cash settlement instead of a repair. In line with the policy terms, that meant Lloyds was entitled to settle at the amount it would have paid its supplier. And that's what it did.
 - Taking all of this into account, I'm satisfied Lloyds acted in line with the policy terms, and fairly and reasonably overall, when it settled the buildings claim.

Alternative accommodation

- Mrs H complained that Lloyds didn't offer AA, despite her home being uninhabitable.
- The relevant parts of the buildings section of the policy say, in summary:
 - Lloyds will pay the extra cost of AA if the damage is covered by the policy and the home isn't fit to live in as a result of the damage.
 - To decide whether the home is 'fit to live in', it will take into account a number of factors. Including whether Mrs H is able to sleep and wash there.
 - It won't provide AA cover if the home is merely 'uncomfortable' to live in.
- Again, most home insurers have policy terms along these lines, so they're not unusual. And I don't think they're unfair in principle.
- The damage was covered by the policy. So I think this point turns on the following question: as a result of the damage, the home was clearly uncomfortable to live in. But did it become unfit to live in?
- Mrs H had access to kitchen and bathroom facilities as usual. That's not in question. But she said her home was unsafe and unhealthy to live in, and that made it unfit to live in. However, I haven't seen any evidence to support these comments and show

her home wasn't only uncomfortable to live in but became unfit to live in.

- I understand Mrs H was concerned that water continued to enter her home and could pose a risk to the electrics. But I note Lloyds paid Mrs H the costs of temporary roof and electric work. So I think it supported Mrs H to make her home fit to live in. If the electrician had declared the electrics unsafe or risky to live with, I can understand why that would have caused Mrs H a great deal of concern – particularly with young children – and I may have expected Lloyds to act on that information. But I haven't seen any evidence of that or similar.
- Overall, I'm satisfied Lloyds acted in line with the policy terms, and fairly and reasonably overall, when it declined to offer AA.

Claim handling

- Mrs H complained that Lloyds caused avoidable delays and communicated poorly.
- Amongst other things, Lloyds is required to:
 - Handle claims promptly and fairly.
 - Settle claims promptly once settlement terms are agreed.
- Lloyds has conceded it didn't meet these requirements at all times. It's accepted it caused delays, particularly when trying to establish the scope of repair. This meant Mrs H had to accommodate more contractor visits than should have been necessary. And during this period of delay, bad weather caused further damage. Lloyds also acknowledged it communicated poorly at times, which meant Mrs H wasn't always proactively updated about the claim and had to chase for progress. All of this added to Mrs H's distress at an already difficult and challenging time.
- To apologise for this, Lloyds paid £400 compensation. So I think it's recognised it caused Mrs H and her family considerable avoidable distress and inconvenience.
- It would inevitably have taken a period of time for Lloyds to investigate and settle the claim, even if things had gone perfectly. So there would always have been a degree of unavoidable distress and inconvenience for Mrs H and her family to experience. That's not something I can hold against Lloyds – it's simply an unwelcome consequence of the damage.
- But I would expect Lloyds to take responsibility for any avoidable distress and inconvenience it added due to shortcomings in its service. I'm satisfied it's done so and £400 compensation is fair and reasonable in the circumstances. I think this amount takes into account the length and impact of the delay, together with the communication problems, bearing in mind Mrs H's health and her young family.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 4 February 2026.

James Neville

Ombudsman