

The complaint

Mr and Mrs A were unhappy with delays to their claim and the settlement offered by Lloyds Bank General Insurance Limited ("Lloyds") who were providing cover under a home insurance policy.

What happened

Mr and Mrs A accidentally caused significant water damage when carrying out a "DIY" project at their home. After reviewing and validating the claim, Lloyds accepted it and arranged for a scope of works to be determined for the repairs.

As Mr and Mrs A wanted the work carried out by their own contractors, Lloyds offered a cash settlement comparative to the cost of it getting the work done itself using its own supplier network.

Mr and Mrs A felt Lloyds were trying to "short cut" the scope of works by repairing rather than replacing damaged items (e.g. door frames). Mr and Mrs A said their own contractors had explained that Lloyds proposed work wouldn't be satisfactory.

Mr and Mrs A were unhappy with the progress of the claim, explaining Lloyds had caused over two and half months of delays. Lloyds acknowledged the standard of service fell short of what it would like to deliver, so it offered £500 compensation for the distress and inconvenience caused.

Our investigator decided not to uphold the complaint. She thought the cash settlement offer was fair given Lloyds had offered to do the work itself, and she hadn't seen evidence provided to support what Mr and Mrs A suggested that the repairs it was carrying out wouldn't provide a suitable final product. She thought the compensation offered was reasonable in the circumstances. Mr and Mrs A disagreed, so the case has been referred to an ombudsman.

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 don't uphold this complaint. I know this will be disappointing for Mr and Mrs A, so I'll outline my reasoning as to why I reached this decision.

I can see Mr and Mrs A aren't satisfied with Lloyds' approach to some of the repairs. It's useful to understand what the policy states in respect of what Lloyds' liability is under this claim.

The policy states:

"How we'll look after your claim:

We'll pay the cost of building regulations and other laws when repairing the damage to your

buildings. We won't pay this cost if you were aware that your buildings did not comply before the damage happened.

We might choose to make a payment to you instead of making repairs to your buildings. If we do, the amount we pay will be worked out in one of two ways:

1. We'll either pay the cost of repairing the damage, but we'll lower the payment to take into account wear and tear. Or,

2. We'll pay the amount the value of your home has fallen because of the damage. We won't pay more than what it would cost to rebuild it to how it was before the damage."

I think this is clear that Lloyds are expected to return the property to its pre-loss condition. It doesn't have to replace damaged items if they can be repaired, and it doesn't need to correct defects that existed pre-loss.

Mr and Mrs A have issues with a few different areas of the scope of works provided by Lloyds, including repairing the ceiling at the entrance of the property, lighting fixtures, door frames and flooring.

Lloyds has sent professional contractors to review the work that is required and it will provide a warranty for the repairs it carries out. In other words, if any of the repairs it carries out fail, then it will have to return to put it right. So, I don't think it is in Lloyds' interests to carry out repairs that will fail, as it will cost it more in the long run correcting it.

Mr and Mrs A have explained that contractors they use have suggested the repairs wouldn't be long lasting. But, having reviewed the file, I haven't seen any persuasive evidence that supports this or makes me question the approach by Lloyds.

In respect to the flooring specifically, I can see Mr and Mrs A are unhappy as Lloyds have asked for further validation of the damage. Mr and Mrs A had made a claim for damage to the flooring six months earlier and Lloyds wanted assurance these repairs had been made. So, Lloyds has asked for evidence in the form of receipts or proof of payment that the floor was repaired. Mr and Mrs A said they couldn't as they paid for the floor "*cash in hand*" and the supplier was unwilling to provide confirmation he carried out the work.

I can see Lloyds did some further investigation that proved inconclusive, so I don't think it was unreasonable for Lloyds to want confirmation the floor had been repaired following the first claim.

Mr and Mrs A have said the cash settlement offered by Lloyds won't cover the costs of them getting the work done by their contractors. They've also said their contractors aren't VAT registered. However, as Lloyds' offered to do the work, Lloyds only need to provide a cash offer equivalent to them getting the works completed themselves. Lloyds have access to lower supplier rates due to its economies of scale than Mr and Mrs A will have access to. I appreciate Mr and Mrs A would prefer not having to provide a VAT receipt, but if they didn't Lloyds would be able to recover these costs and so Lloyds would end up paying more for the claim than it would need to under its liability for the claim. So, I think it has been reasonable offering a cash settlement that it would cost it to do, and it would add the VAT element, if Mr and Mrs A choose to use a supplier who is VAT registered.

I suggest if Mr and Mrs A are still concerned with the costs of work themselves, they ask Lloyds if it will carry the works out for them. Lloyds were happy to carry out this work to provide indemnity under the policy.

Finally, I've considered the compensation that has been offered for the delays incurred. I think with any claim will come a level of inconvenience, but I'm pleased Lloyds has acknowledged it could've done better. For that, it has offered £500 in compensation. Whilst, I can see Lloyds did cause some delays, I think the issues with the settlement also delay matters, therefore, I think the compensation offered is reasonable in the circumstances for the level of distress and inconvenience caused.

My final decision

My final decision is that I don't uphold this complaint. I don't require Lloyds Bank General Insurance Limited to do anymore.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mrs A to accept or reject my decision before 30 December 2025.

Pete Averill
Ombudsman