

The complaint

Mr and Mrs T complain about the decline of their home insurance claim by Lloyds Bank General Insurance Limited ('Lloyds')

Some of Mr and Mrs T's dissatisfaction relates to the actions of agents acting on behalf of Lloyds. As they have accepted responsibility for their agents' actions, in my decision any reference to Lloyds can be interpreted as also covering the actions of their agents.

What happened

Mr and Mrs T noticed issues with the pressure on their boiler dropping. It was established that the boiler was working as expected and wasn't the cause of the pressure drop. On 10 January 2025 they contacted Lloyds to make a claim on their home insurance policy for trace and access. Lloyds ultimately declined their claim as they said physical damage hadn't been found.

A complaint was made by Mr and Mrs T. After Lloyds didn't uphold it, they referred the complaint to our Service for an independent review. Our Investigator didn't recommend that the complaint be upheld and as the dispute remains unresolved, it's been referred to me for a decision.

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.

Our Service is an alternative, informal dispute resolution service. My decision won't address every point raised as part of this complaint, but I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

When reaching my decision I'll be considering if Lloyds have fairly and reasonably considered this claim in line with the policy terms before declining it. I'll also be considering the service provided.

The claim decline

The starting point with any insurance claim is the insured (Mr and Mrs T) must show (within reason) that the circumstances of the loss event (claim) are as described. If they can, the onus then passes to the insurer (Lloyds) to consider the claim and either settle it, show that a policy limit or exclusion applies that limits their outlay or allows them to decline/repudiate the claim. It's not the role of our Service to determine how the boiler pressure loss has come about.

Lloyds declined this claim for trace and access, relying on the following term:

"Trace and access cover can only be applied if physical damage is found at the property."

I'm satisfied that Lloyds can fairly rely on this term. I say this for the following main reasons:

- The symptom of something being 'wrong' was a drop in the pressure reading on Mr

and Mrs T's boiler. The cause of the drop in pressure was suspected to be to be a *'small leak on the central heating thought to be a drop most likely...underneath the ground suspended floor'*.

- As there were no obvious signs of physical damage such as damp, water staining, water damage etc, I find that Lloyds fair and reasonably declined the claim in line with the policy terms. I don't agree with Mr T that Lloyds have made an unfair application of the terms.
- The relevant term is not a particularly unusual one nor significant limitation in these types of insurance policies. I find that it was set out with sufficient clarity and prominence in the policy terms. If Mr and Mrs T are alleging they weren't sent relevant policy terms, they'd need to raise that with Lloyds as a new complaint.
- The intention of the term is trace and access cover would only respond where physical damage has occurred – rather than this type of cover being utilised for exploratory or diagnosis works, where no physical damage is apparent.

The service provided

Mr and Mrs T are unhappy with the service (communication) during their first notification of loss call with Lloyds on 10 January 2025. I've listened to a copy of that call. Lloyds have conceded that the service provided could've been better during this call. They've said:

"I apologise if Mr T [full surname redacted by Ombudsman] thought he was given the incorrect information at the start of the claim however I believe this was quickly rectified on the following day and Mr T was fully aware of the terms and conditions when appointing [third party redacted by Ombudsman] to trace the leak."

I agree with Mr and Mrs T that the call could've been handled better and the policy limitation could've been explained much more clearly. I've then considered what the impact has been on Mr and Mrs T because of any service failing.

The call took place on 9 January 2025. Lloyds called them back the next day and clarified this point around trace and access. Undoubtedly, there will have been loss of expectation for Mr and Mrs T, but I'm pleased to see they hadn't taken any further action regarding investigating the boiler pressure drop or incurred further costs at that point. I say this because the report Mr T has provided is dated 16 January 2025 and he'd have been fully informed at that point that Lloyds weren't covering trace and access costs based on the available information. Overall, although the service provided could've been better, I'm not persuaded that it was poor to the extent that compensation for this reason would be fair, reasonable or proportionate.

Lloyds have said they'll review any further information or evidence that Mr and Mrs T wish to provide:

"At present damage to the property has not been found. There may be a leak, however the cause of the leak has not been established, its not been found, and there is no visible evidence of any physical damage to the property."

Mr T needs to provide evidence of a leak, have it repaired, and then evidence any damage done to the property by leaking water."

I consider that fair.

My decision will disappoint Mr and Mrs T, but it ends our Service's involvement in trying to informally resolve their dispute with Lloyds.

My final decision

My final decision is that in don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs T to accept or reject my decision before 2 February 2026.

Daniel O'Shea
Ombudsman