

## **The complaint**

Mr B complains about Lloyds Bank General Insurance Limited's handling of his building and contents insurance claim, and the settlement it offered him.

Any reference to Lloyds Bank includes the actions of its agents.

## **What happened**

Mr B holds buildings and contents insurance cover with Lloyds Bank. He made a claim following an escape of water that happened in December 2022. Mr B's home emergency cover identified and fixed two leaks.

Lloyds Bank arranged for its loss adjuster to carry out an inspection of the damage in early February 2023. They put together a schedule of work based on the repairs needed, and this was sent to Mr B later that month. Mr B was concerned that the schedule of work didn't address all of the damage. He asked Lloyds Bank to provide him with a copy of the loss adjuster's report, as well as a fully costed schedule of work. Lloyds Bank dealt with this as a Subject Access Request (SAR).

Lloyds Bank wanted to arrange for a drying contractor to visit the property to see what drying out was needed and what contents could be restored, but Mr B said he didn't want any contractors sent on behalf of Lloyds Bank's loss adjuster. Instead, he wanted a cash settlement. Lloyds Bank wanted to see the home emergency reports so it could decide if the leaks would be dealt with under one claim or two, and then it said it would put together a cash settlement based on its original assessment of the damage. Meanwhile Mr B raised a complaint about Lloyds Bank's handling of his claim, as he was unhappy it hadn't provided a fully costed schedule of works.

Lloyds Bank issued its first final response on 12 April 2023. It said that as the loss adjuster's report and costings were its property, the information had to be requested through a SAR. However, it accepted Mr B hadn't received a high level of service throughout the claim, and it offered him £200 compensation for this.

Lloyds Bank then advised Mr B that it couldn't provide the full costings on the schedule of work as this was commercially sensitive information. After receiving the home emergency reports, Lloyds Bank offered Mr B a cash settlement of £1,145.67 (net of two excesses that had been applied totalling £1,200).

Mr B complained to Lloyds about the cash settlement amount, the delays in providing him with a cash settlement, and that it hadn't provided him with the fully costed schedule of work.

Lloyds Bank then decided that only one excess of £600 would apply to the claim, and so the cash settlement offer was amended to £1,745.67.

Lloyds Bank issued a second final response on 14 July 2023. It said the excess had been amended from two to one but said it would continue with the cash settlement figure already offered. It said if Mr B disputed this, he should obtain two quotes from his own contractors so these could be reviewed. It offered him £150 compensation for the delays with the cash settlement.

Mr B still didn't accept Lloyds Bank's cash settlement. Lloyds Bank therefore gave him three options. It said he could accept the cash settlement offered, or he could send it two quotes from his own contractors for it to consider, or it could arrange for another contractor to assess the work needed and prepare another schedule of work. Mr B didn't accept any of these options.

Lloyds Bank issued its third final response on 5 January 2024. It considered what had happened since its last response in July 2023. It said it had given Mr B three options to progress his claim, but he didn't want to go ahead with any of them. It noted Mr B had requested a breakdown of the cash settlement but didn't receive this. Lloyds Bank confirmed that Mr B would need to choose one of the three options he'd been given but thought more could have been done in respect of the breakdown of the cash settlement. It offered him £150 compensation for this.

Mr B brought two complaints to this service.

In August 2024, my ombudsman colleague issued a final decision on matters that had occurred between Lloyds Bank's final responses of April 2023 and July 2023. She concluded that Lloyds Bank had done enough in its response of July 2023 in respect of poor service up to that date, and the delay in confirming whether it would deduct one or two excesses from the settlement. So, she told Lloyds Bank to pay Mr B the £150 compensation it had offered if it hadn't already done so.

An investigator was later assigned to consider what had happened between Lloyds Bank's final responses of 14 July 2023 and 5 January 2024. When Lloyds Bank sent us its file, it said it disagreed in part with its final response of 5 January 2024. On review of the case, it had noticed the schedule of work didn't include the repairs needed to the loft. It recalculated its cash settlement offer to be £2,345.67. It also offered £100 compensation for not including this work initially. Lloyds Bank said that if Mr B had had the repairs carried out, it would add interest to the cash settlement. Mr B refused this amended offer.

Our investigator considered everything and concluded that Lloyds Bank had acted fairly, and that its new cash settlement offer was reasonable.

I issued a provisional decision on 17 September 2025. Here's what I said:

*'I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.'*

The policy says the following about the settlement of claims:

*'We may repair, rebuild or replace the damaged property, if we cannot replace or repair the property, we may pay for the loss or damage in cash or cash alternative (including vouchers and/or store cards).*

*Where we can offer repair or replacement through a preferred supplier, but we agree to pay a cash or cash alternative settlement, then payment will not exceed the amount we would have paid the preferred supplier...'*

*The loss adjuster report from February 2023 said that they would be looking to offer a cash settlement in respect of the building works as they thought there was pre-existing damage unrelated to the claim. Despite this, I see Lloyds Bank did then offer to appoint contractors, as well as a drying and restoration company to assess what drying out was needed and what contents could be repaired. Though as Mr B was unhappy with the schedule of work, the appointment of contractors didn't happen. That's unfortunate because if contractors had been appointed, they could have given Mr B the information he wanted about timescales and perhaps some reassurance about the quality of work. However, Mr B didn't want Lloyds Bank's contractors to attend at all (including to assess the drying out that was needed) and instead wanted a cash settlement.*

*In these circumstances, I think it was fair for Lloyds Bank to have offered a cash settlement based on what the repairs would have cost it if its own contractors had done the work. That's in line with the policy terms and good industry practice. Though despite this, Lloyds Bank has given Mr B the opportunity to obtain his own contractors quotes for the repairs and has confirmed it would be open to considering these in order to negotiate on the cash settlement. That's up to Lloyds Bank, but it doesn't have to do this.*

*I've looked at the schedule of work prepared by the loss adjuster, which includes the costs. As our investigator has explained, this document is considered commercially sensitive. That's because it contains details of the costs that Lloyds Bank's contractors have arranged directly with it for certain repairs. As it's commercially sensitive information, we won't be providing Mr B with a copy.*

*However, I don't think the schedule of work is correct, and therefore neither is the cash settlement. I'll explain why.*

*In July 2023, Lloyds Bank offered Mr B a cash settlement of £1,745.67 net of one excess deduction of £600. So, the gross amount was £2,345.67.*

*After Mr B brought a complaint to this service, Lloyds Bank said it had noticed the loft repairs weren't included in the schedule of work. It said its cash settlement had been increased to £2,345.67 to take this into account. But it has since confirmed this was a gross amount before the deduction of the excess. That means it was exactly the same cash settlement amount that had already been offered. The fully costed schedule of work that Lloyds Bank sent to us totalled £2,345.67 but still didn't include the loft repairs.*

*Aside from the loft repairs though, I haven't seen any evidence to support that Lloyds Bank's remaining schedule of work wouldn't address the damage caused by the escape of water.*

*I therefore intend to require Lloyds Bank to amend its schedule of work to include the loft repairs and increase its cash settlement offer to Mr B to take this into account. It should then provide Mr B with a copy of the new schedule of work (uncosted) so that he can give this to his own contractor.*

*Though even then, it may be the case that the schedule of work and cash settlement still isn't accurate. A further minor leak took place after the loss adjuster had carried out an inspection. Despite this, Mr B refused to allow Lloyds Bank to carry out another inspection or for any contractors to attend.*

*Mr B has raised some concerns about additional costs that may be charged by his own contractor. These are:- alternative accommodation costs; removing, storing and returning contents whilst repairs take place; the increase in heating costs due to him having windows open to dry his home; increase in heating costs due to damage to insulation caused by the escape of water; removal/disposal of damaged items and debris; damaged fixtures and fittings; and safety testing of items that were in contact with water. I'll address each of these in turn.*

*Whilst I appreciate repairs need to take place to the ceilings, that doesn't necessarily mean that the property would be uninhabitable whilst the repairs take place. For example, ceiling repairs could take place in one room at a time, to minimise disruption. Though if Mr B's contractor thinks he needs to move out, then he can discuss the need for alternative accommodation with Lloyds Bank at the time.*

*I would suggest that Mr B asks his contractor to confirm if all the contents need to be cleared from the rooms whilst the repairs take place, and if so, over what length of time. If this is needed, then Lloyds Bank can consider increasing the cash settlement to take into account removal and storage costs.*

*Lloyds Bank offered to arrange for a drying company to assess what drying was needed so this could be carried out, but Mr B refused this. I therefore don't require Lloyds Bank to cover any increase in heating costs to dry his home.*

*Whilst Mr B may have incurred higher heating costs due to the damage to the insulation, as I've said, he refused to allow Lloyds Bank to carry out any further visits to amend its schedule of work or to arrange for contractors to attend. So, I don't require Lloyds Bank to cover any increase in heating costs due to delays in repairs taking place.*

*I would expect Mr B's contractor to dispose of any damaged debris, and this would likely be included in the quote that can be provided to Lloyds Bank. I would suggest that Mr B doesn't remove any damaged contents until Lloyds Bank has had the opportunity to inspect those items.*

*The schedule of work only focused on the building repairs and doesn't take into account the damage to the contents. I'm satisfied Lloyds Bank is entitled to inspect the contents to see what can be restored before offering a cash settlement to replace any items damaged beyond economic repair. This is in line with the policy terms.*

*The schedule of work allows for safety testing of electrical fittings. If Mr B's contractor thinks additional testing is needed, this should be included in the quote.*

*Overall, I can understand Mr B's frustration with Lloyds Bank as the schedule of work he was given didn't include the loft repairs. Though as the relationship between the parties then broke down, he didn't want Lloyds Bank to arrange any further visits to his property. But he wouldn't provide Lloyds Bank with any quotes from his own contractors.*

*So, there has been a stalemate between the parties with regards to the claim. Though to move forwards, both parties will likely need to enter into further negotiations in order to reach an appropriate cash settlement figure for the property repairs. The alternative is that Mr B accepts the new cash settlement that I'm requiring Lloyds Bank to offer to him (which should*

*include the loft repairs). If his own contractor's quotes include work that hasn't been included in Lloyds Bank's schedule of work though, then he'll need to discuss this with Lloyds Bank. If he's unhappy with Lloyds Bank's response, he may be able to bring a new complaint to this service.*

*If Mr B wants his contents claim to be considered further, he will need to allow Lloyds Bank to inspect the damaged items.*

*As I've said, Lloyds Bank did do something wrong here, because it didn't include the loft repairs in the schedule of work. It then caused Mr B unnecessary confusion by saying it would increase the cash settlement to take this into account but didn't then do so. The loss adjuster also told Mr B the cash settlement was a gesture of goodwill, but Lloyds Bank hadn't previously suggested the claim wasn't valid. I also see that the loss adjuster wrongly told Mr B that his excess was £250, after he'd been told it was £600.*

*The policy schedule confirms there's a £350 escape of water excess and a £250 compulsory excess. So, I'm satisfied Lloyds Bank can deduct a total excess of £600 from the cash settlement.*

*Lloyds Bank had offered Mr B £150 compensation in its final response of 5 January 2024. This was on the basis it should have provided him with a breakdown of the cash settlement. But I've found that Lloyds Bank didn't need to do this, as this information was commercially sensitive. I think Lloyds Bank ought to have been clearer with Mr B about this. Lloyds Bank then offered Mr B £100 compensation for failing to include the loft repairs in its schedule of work, but it still didn't include this.*

*Taking everything into account, I intend to require Lloyds Bank to pay Mr B £500 compensation to recognise its failings in its handling of the claim, and the unnecessary confusion it has caused him.'*

I asked both parties for any further comments they wished to make before I reached a final decision.

Lloyds Bank responded to confirm it accepted my provisional findings.

Mr B responded with the following main points:

- He doesn't agree with my conclusion that withholding the fully costed schedule of work due to commercial sensitivity is acceptable.
- As Lloyds Bank didn't put together an accurate schedule of work (as it failed to include the loft repairs), he couldn't obtain meaningful quotes.
- He didn't want to proceed with accepting one of the three offers put to him because he wanted clarity on crucial elements of the claim, such as settlement for damaged contents.
- The £500 compensation is insufficient for the delays, and the need to bring two complaints to this service.
- Lloyds Bank paid him £150 for failing to provide a cash settlement breakdown, but my provisional decision dismissed the need for this entirely. That means the compensation is for confusion rather than the serious failure of non-disclosure that stalled the claim for years.
- Allowing Lloyds Bank to dictate what documents are commercially sensitive prevents the fair assessment of damages and justifies his continued refusal to accept the decision.
- The loss adjuster report he received after making a SAR was heavily redacted.

- The loss adjuster who visited the property didn't think drying out was needed – this was only suggested by a desk-based loss adjuster. He decided to go with the opinion of the loss adjuster who visited the property. In addition to the work being unnecessary, disturbing the loft area would have only worsened the situation by spreading mould spores throughout the house.
- My provisional decision made it seem as though he was the first person to suggest a cash settlement, but it was the loss adjuster that first suggested this.
- As the three leaks were in the loft, he thinks it's probable that the intervention of Lloyds Bank's own plumbers caused the following leaks. Therefore, Lloyds Bank's later delay in deciding whether to charge him a second excess was a waste of time and caused him unnecessary stress.
- He was right not to accept one of the three options given to him by Lloyds Bank. He thinks further quotes from his own contractors would be useless in negotiation as Lloyds Bank will only cover costs charged by its own contractor.
- As the policy terms say that the cash settlement won't exceed the amount Lloyds Bank will pay its own supplier, the quote must be open to scrutiny by both parties. He thinks the contract term is unfair under the Consumer Rights Act 2015.
- As far as he is aware, there was no indication from the loss adjuster that there was pre-existing damage.
- He would like to know what regulation or rule I have relied upon to conclude that a fully costed schedule of work is commercially sensitive and shouldn't be provided to him.
- He's disappointed the absence of the loft repairs from the schedule of work wasn't noticed until now.
- He did not refuse a further inspection following the third leak. The leak was discarded by him as Lloyds Bank were threatening at the time to add another excess, bringing the total excess to £1,800.
- He doesn't think it's up to his contractor to decide if contents in the property need to be cleared from the rooms and put in storage, he thinks this should be included as a matter of course in the schedule of works. He also thinks alternative accommodation is essential due to mould spores that would circulate during the removal of the insulation and debris.
- He still thinks Lloyds Bank should cover the additional heating costs, as its offer to dry the property was not required, as stated by the original loss adjuster. He thinks if Lloyds Bank had acted as soon as he informed it of the damage, a drying team may have prevented the mould from forming and reduced the cost of the claim. And that just drying the property with mould there wouldn't be appropriate,
- He thinks it's unreasonable to require him to hold onto mould-infested contents that have already been accounted for by the loss adjuster. He thinks there should be no further requirement for an additional inspection.
- He received an email from Lloyds Bank which told him the damage at his property was due to a lack of maintenance, but this wasn't the case.
- He wants me to require Lloyds Bank to pay him \$375,000.

### **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.

Mr B has submitted a significant number of points in response to my provisional decision, though I'm not going to respond to every point that's been made. That's not meant as a discourtesy, it simply reflects the informal nature of this service.

Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must handle claims promptly and fairly. I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of Mr B's complaint. Having done so, my final decision remains the same as my provisional decision, and for the same reasons. I'll explain why.

Mr B says my provisional decision has failed to address the core dispute, which is Lloyds Bank's refusal to provide a fully costed schedule of work. I've considered Mr B's arguments about this, but my view on this hasn't changed. I don't agree with Mr B that he needs to see if the costs allocated to each repair line are reasonable. I say that because these costs are what Lloyds Bank's contractor would charge it for the work. These costs are negotiated between Lloyds Bank and its contractor and are therefore commercially sensitive.

I would also point out that these costs are most likely less than what Mr B would be charged by his own contractor. Therefore, it's unlikely that Mr B would find them to be reasonable. But the point here is that Lloyds Bank has offered to carry out the repairs, but as Mr B doesn't want this, I think it's fair for Lloyds Bank to offer a cash settlement based on the amount it would cost it to do the repairs. I don't find the policy term relating to this to be an unfair term.

Mr B has asked what regulation or rule I've relied upon to conclude that a fully costed schedule of work is commercially sensitive. Our rules (the Dispute Resolution Rules which can be found in the Financial Conduct Authority's handbook) sets out under DISP 3.5.9R that the ombudsman may accept information in confidence (so that only an edited version, summary or description is disclosed to the other party) when this is considered appropriate. I'm satisfied it's appropriate for me to accept this information in confidence and not share it with Mr B, for the reasons I've already explained. I've let Mr B know that the fully costed schedule of work shows that the repairs outlined on that document would cost Lloyds Bank £2,345.67.

Though as I said in my provisional decision, Lloyds Bank has said it would be willing to consider quotes that Mr B obtains from his own contractors in order to negotiate on the cash settlement. Lloyds Bank doesn't have to do this as it's offered to carry out a repair, but it's up to Lloyds Bank if it does negotiate further with Mr B.

Whilst I appreciate Mr B's point that the schedule of work put together by Lloyds Bank wasn't accurate, I don't think this prevented him from obtaining his own quotes. Presumably his contractor would have pointed out that loft repairs were necessary, and he could have discussed this with Lloyds Bank at the time.

Although it's clear that Lloyds Bank made some errors with the claim, it's also the case that Mr B hasn't helped matters by refusing to allow further inspections to take place, despite his assertion that the initial schedule of work was wrong. I therefore remain of the opinion that £500 compensation would be appropriate here to recognise the impact of Lloyds Bank's errors, and I won't be requiring it to pay a higher amount for the length of time the claim has been ongoing. I also won't be requiring Lloyds Bank to cover additional heating costs.

Mr B is unhappy that drying out didn't take place immediately after the damage, but he later refused to allow a drying out contractor to attend to assess what work (if any) was needed. Whilst he thinks this would have worsened the situation, we don't know if that's the case. They are the experts and would have made a judgment on whether drying out was needed, or if mould removal was necessary.

I've noted Mr B's points about the contents. I would suggest he gets in touch with Lloyds Bank about the contents side of the claim, and it can let him know what evidence it has of damaged items or if it still wants to carry out a further inspection.

I acknowledged in my provisional decision that the loss adjuster initially suggested paying a cash settlement, and from what Mr B has said, he was told this at the outset too. However, matters then moved on and Lloyds Bank did then offer to appoint contractors. Mr B didn't want Lloyds Bank contractors to do the work and instead requested a cash settlement.

Given that there was more than one leak in the loft which required separate attendances by the home emergency plumbers, I don't think it was unreasonable for Lloyds Bank to assess whether they were separate issues and would therefore incur separate excesses.

I don't know why the loss adjuster initially said there was pre-existing damage to the property. I would assume this is what prompted Lloyds Bank to tell Mr B it thought the damage at his property was due to a lack of maintenance. However, Lloyds Bank hasn't said anything further about this and it's now accepted the damage was due to a water leak. Based on what I've seen, the cash settlement offer hasn't been reduced due to any pre-existing damage.

I disagree with Mr B's view that it's not up to his contractor to decide if contents need to be cleared from the house for repairs to take place. I think the contractor will be best placed to advise him on this, taking into account what repairs are needed to the various rooms. Also, as I've said, if his contractor thinks he needs to move out for the repairs to take place, he should let Lloyds Bank know this so the parties can discuss alternative accommodation.

Overall, I remain satisfied that a reasonable way forward would be for Lloyds Bank to amend its schedule of work to include the loft repairs and offer Mr B a new cash settlement reflecting this. It's up to Mr B if he decides to obtain his own contractors quotes and provide these to Lloyds Bank to consider.

### **My final decision**

My final decision is that I uphold this complaint. I require Lloyds Bank General Insurance Limited to do the following:

- Amend its schedule of work to include the loft repairs and offer Mr B a new cash settlement that takes this into account (this can be based on the amount it would cost Lloyds Bank to do the work). It should provide Mr B with a copy of the amended uncosted schedule of work.
- Pay Mr B £500 compensation (less the £150 and £100 compensation amounts previously offered if these have already been paid)\*.

\*Lloyds Bank must pay the compensation within 28 days of the date on which we tell it Mr B accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 6 November 2025.

Chantelle Hurn-Ryan  
**Ombudsman**

