

The complaint

Mr C's complained that Society of Lloyds haven't dealt fairly with the claim he made after an escape of water in his park home.

What happened

The details of the complaint are well known to both parties, so I won't set them out in full here. But, to summarise, in late 2023, the washing machine in Mr C's park home developed a leak, which caused damage to the property. Mr C felt the machine was faulty and so, in the first instance, pursued a claim against the manufacturer. But, in May 2024, he made a claim on his property insurance.

The claim has been delayed by the parties being unable to agree the scope of works needed to repair the property, and what that would cost. Mr C is also unhappy that he's not been provided with alternative accommodation, particularly in light of his health conditions. In September 2024, Lloyds offered Mr C a cash settlement of £22,995 for repairs and £4,000 for alternative accommodation. Mr C rejected this as the scope of works he'd obtained said the work would cost £200,000 to £250,000.

Mr C has raised several complaints during the course of the claim about the length of time the claim – which remains outstanding - has taken and that Lloyds had declined to renew his policy.

On 8 May 2025, Lloyds responded to the complaint by offering:

"1. Details of two (up until now uninvolved) experts to be offered to you and for you to choose one. This gives each party, both underwriters and yourself, the opportunity to have input. This I believe is fair.

2. For that specialist to attend and assess the current condition. In addition, to provide their comments on the cause of the loss. Also, the approximate cost of putting right any insured damage. In addition, provide their view on the liveability of the property and when it was in their view likely to have become unliveable, if at all. That specialist's fees to be paid by underwriters.

3. Based on the findings of the above specialist, for the job to be tendered should you wish for physical repairs to be carried out.

4. Or for you to be offered a revised cash settlement based on the above specialist's findings. This would be with the clear statement that should you choose cash, the responsibility for any substandard repairs would be yours.

5. For the alternative accommodation offer to be reviewed in light of the findings. For this to be processed ASAP after their review.

6. Also, for a cash offer to be made (if necessary) which reflects the interim period prior to the specialist's attendance during which time it may also have been uninhabitable.

7. For any specialist's fees paid by you in relation to insured work, but not yet refunded to be reimbursed ASAP, pending receipt of the relevant invoice (the file confirms that the only invoice D have received so far is for A).

8. For 8% interest to be added to the amount of the A invoice, calculated as of the date it was received by D, until the date this is reimbursed, and paid with that reimbursement, as soon as possible.

9. For compensation of £500 to be paid to reflect the shortcomings in service you have experienced."

Mr C wasn't satisfied with this offer. He said the experts offered wouldn't be impartial but would favour Lloyds. So he asked the Financial Ombudsman Service to investigate his complaint.

Our investigator reviewed the information provided by both parties and concluded Lloyds needed to do something different to resolve the complaint. He was satisfied offering a choice of experts was fair. But he thought that Lloyds should have offered Mr C alternative accommodation and should now do so. He said they should also pay £1,000 compensation, rather than the £500 they'd offered, to reflect their failure to do this. And he said Lloyds should reimburse Mr C the costs of a generator he'd hired after he'd had electrical problems in the property.

In respect of the decision not to offer renewal of the policy, he noted this was based on the fact the property hadn't been repaired – which Lloyds said was due to delays on Mr C's part. He said they should refer this back to their underwriters on receipt from Mr C of evidence showing that delay was due to him pursuing a claim with the washing machine manufacturer.

I didn't agree with our investigator's view. So I made a provisional decision. That explained that the policy sets out it's Lloyds who decide whether they'll repair damage, replace items or make a cash settlement. And that the level of any cash settlement reflects what it would cost Lloyds to repair the damage. I was satisfied they'd scoped the necessary works. And they didn't need to pay a greater settlement than that to Mr C.

I thought Lloyds' offer to appoint an expert and re-scope the works was fair, as previous costings were now likely to be wrong, given the amount of time that had passed. And I thought it was fair that the expert also consider whether the property is habitable before Lloyds have to offer Mr C and his family alternative accommodation, rather than providing it immediately, as our investigator recommended.

It followed from this that I didn't agree the compensation payable should be raised to £1,000. But I did agree with the investigator that Lloyds should reimburse Mr C the money he could evidence he'd paid to hire a generator, as I didn't think it was reasonable to say he should use the electricity supply he'd been told had taken in water.

Both parties have now had the chance to comment on my provisional decision and the complaint's been returned to me for further consideration.

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 that, I'm upholding Mr C's complaint, for the reasons I set out in my provisional decision, and which I've summarised above.

Mr C has challenged the information I included in my provisional decision that he'd obtained quotes as high as £250,000. The claim and the complaint has been ongoing for some time and various figures for repairs have been quoted. But I accept that more recent quotes provided by Mr C were more in the region of £125,000.

But that is still many times more than the quotes obtained by Lloyds for the repair works. As I said in my provisional decision, those figures are now out of date. So it remains my view that the fairest way to resolve this complaint is to adopt the approach Lloyds set out in their letter of 8 May 2025, which will give Mr C a choice of expert and give Lloyds a report that they can use as a basis for settlement and to assess the need for alternative accommodation.

Lloyds accepted my provisional decision. But they've expressed some concern about being able to progress the complaint in a timely manner, given the difficult relationship that exists between the parties. And they've asked that both parties be given directions and time limits to ensure it doesn't drag on further.

I understand why Lloyds would want this. But our rules give us the authority to make decisions about regulated businesses – not the consumers who bring complaints to our service. The rules don't allow me to direct Mr C to do anything.

Having said that, it's clear that the resolution proposed by Lloyds in their letter of 8 May 2025 – and which I've said should be adopted - can only progress with Mr C's co-operation. Without him confirming which expert he wants appointed, and allowing that expert to inspect and assess his property, I wouldn't expect Lloyds to be able to progress the claim.

Putting things right

For the reasons I've set out, I'm satisfied that Lloyds' offer of 8 May 2025 is the fairest way to resolve the complaint.

I also said in my provisional decision that Lloyds should reimburse Mr C the cost of the generator he hired, upon receipt from him of an invoice showing what he paid. And I said they should pay him the £500 compensation they previously offered. As neither party has commented on these points, I assume they agree with my provisional decision in that respect.

My final decision

For the reasons I've explained, I'm intending to uphold this complaint and direct the Society of Lloyd's to:

- Take steps to progress the claim, as offered in their letter of 8 May 2025;
- Reimburse Mr C the cost of the generator, upon receipt of an invoice for hire from Mr C;
- Pay Mr C the £500 compensation previously offered to him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 24 December 2025.

Helen Stacey
Ombudsman