

The complaint

Ms S and Mr T have complained about that Lloyds Bank General Insurance Limited, trading as Halifax, didn't deal fairly with the claim they made following a fire at their home.

What happened

There was a house fire at Ms S's and Mr T's home at the end of 2023. They rented the property – so their policy only covered their contents. The sum assured was £100,000.

Ms S and Mr T had concerns from early on in the claim about how Halifax's contractors dealt with recovering and assessing their possessions, including how long they took and the quality of restoration work, and that some items weren't covered. And they were unhappy that, when a final cash settlement was made, Halifax had deducted their suppliers' costs of around £11,000.

Ms S and Mr T complained. In response, Halifax accepted there'd been some delay and paid them £300 compensation. But they maintained they were entitled to deduct their suppliers' costs and that adjustments made to the settlement reflected what it would cost them to replace them and were in line with the policy terms. In respect of the items not covered, they pointed out that the settlement paid was up to the policy limit. And in relation to a complaint that Ms S and Mr T felt pressured to accept a cash settlement for their books, their staff had been trying to reduce the costs of storage, which had been undertaken and Ms S's and Mr T's request.

Ms S and Mr T didn't feel Halifax had resolved their complaint and brought it to the Financial Ombudsman Service. Our investigator reviewed the information provided by both parties and concluded Halifax didn't need to do any more to resolve the complaint. He was satisfied they'd dealt with the claim fairly and in line with the policy terms.

I didn't agree with our investigator's view. So I made a provisional decision. That said:

"The crux of this complaint is the overall value of the settlement Ms S and Mr T received. Ms S and Mr T insured their contents for £100,000. So it's understandable they would think that would be the value of the settlement. I can't say Halifax should pay more than this. Nor have Ms S and Mr T suggested I should. What they're concerned about is how the costs of repairing or replacing their possessions has been calculated and the proportion of the sum assured Halifax retained for their suppliers' costs.

In respect of the cost of repairing/replacing, Halifax referred Ms S and Mr T to the policy terms. The relevant part says:

"If we accept your claim, there are a few ways we can look to put things right.

- *We'll try to repair the damage.*
- *If we can't repair, we'll try to replace.*
- *We may pay a cash settlement instead.*

...

Where we use suppliers, we might get discounts. We will use their cost to us when settling claims.

What we mean is, we won't pay more than it would cost us to repair, replace an item or rebuild any part of your home."

I can see that Ms S and Mr T were concerned the cash settlement they received for some of their possessions was less than the valuations they provided. But I'm satisfied that it was reasonable for Halifax to pay what it would cost them to replace those items had they done so using their own suppliers.

Ms S and Mr T complained that they felt pressured to accept a cash settlement for their books – which were numerous and some of which were valuable. I can see these were removed and stored by Halifax to enable Ms S and Mr T to go through them and work out a value. When they did that, Halifax offered a lower monetary settlement, in line with the policy term above.

When Ms S and Mr T queried the settlement, Halifax explained they'd based the figure on what it would cost them to replace them. Alternatively, they said that Ms S and Mr T could replace them themselves, but would need to provide receipts confirming the costs. And they confirmed that, if the books needed to be kept for longer, they would start to incur storage charges, which would impact on the sum available for the settlement. Having reviewed this exchange, I can't reasonably say it shows Halifax pressured Ms S and Mr T – rather, they set out the alternative approaches, following which Ms S and Mr T opted to accept a cash settlement. I think that was reasonable.

I note the strength of Ms S's and Mr T's feelings about the supplier costs. Halifax have provided a breakdown of those costs, which I've considered extremely carefully. Having done that, I'm satisfied that Halifax haven't passed on all the costs to Ms S and Mr T. They've provided an itemised invoice from their supplier, from which I can see they've deducted items I'd agree Ms S and Mr T shouldn't pay. I'm satisfied the balance is for items which should properly be included in the settlement.

While I don't think that Halifax's calculation of the settlement was unfair, I'm not satisfied the evidence supports that their claims consultant made clear to Ms S and Mr T that the requests and choices they made about how the claim was being handled would impact on the amount of their eventual settlement. The only time I've been able to identify that they were given this sort of information was in relation to the settlement for their books – not in relation to the other decisions they made, which Halifax have said contributed to the claim costs.

I've thought about the impact this had on Ms S and Mr T. I can't say that they would have made different decisions or requests. But they would have made them on a better informed basis. I think Halifax should recognise this failure to provide this information by paying Ms S and Mr T a further £250 compensation, in addition to the £300 previously paid."

Both parties were given the opportunity to comment on my provisional decision. The time for doing that has now expired and the matter's been passed back 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 the complaint in part, for the reasons, and to the extent, that I set out in my provisional decision.

Halifax accepted my provisional decision and agreed to pay the £250 I provisionally decided they should. Ms S and Mr T haven't commented. So I've received nothing to persuade me that I should change the provisional decision set out above.

My final decision

For the reasons I've explained, I'm upholding Ms S's and Mr T's complaint about Lloyds Bank General Insurance Limited, trading as Halifax and directing Halifax to pay them £250 compensation, in addition to the £300 they've previously paid.

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

Helen Stacey
Ombudsman