

The complaint

Ms R complains about Lloyds Bank General Insurance Limited's handling of her subsidence claim.

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

What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here.

Briefly, Ms R made a subsidence claim in 2018 under her home insurance policy, which Lloyds Bank accepted. The cause of the subsidence was found to be clay shrinkage due to moisture extraction by a nearby tree (with a second tree having a contributory influence). The trees were owned by a third party and attempts to have them removed were unsuccessful.

Ms R brought a previous complaint to this service about Lloyds Bank's handling of her claim. My ombudsman colleague issued a final decision in December 2022. He considered matters and events complained of between August 2021 and November 2022. He upheld Ms R's complaint and awarded £400 compensation for Lloyds Bank's handling of the claim over that period.

Since then, Ms R has raised further complaints about Lloyds Bank's handling of her claim. Lloyds Bank issued several final response letters to Ms R's complaints between 24 May 2024 and 24 December 2024. Here's a brief summary of what Lloyds Bank said in those responses:

- It accepted there had been poor communication between its loss adjuster, the suppliers and Ms R.
- Some payments to Ms R were delayed unnecessarily and she'd had to chase for these. She was also told payments had been made when they hadn't.
- Ms R had to chase the loss adjuster to obtain the readings.
- Monitoring readings shared with Ms R had errors, and this happened on more than one occasion.
- The loss adjuster thought underpinning was needed for the subsidence damage to the rear elevation and rear porch but didn't agree there was subsidence damage to the cellar wall or right-hand gable wall.
- It gave Ms R a list of three independent surveyors and asked her to choose one that it would appoint to assess whether there was subsidence to the cellar wall and right-hand gable wall. Ms R chose to appoint her own expert, though Lloyds Bank said it hadn't agreed to this and wouldn't be liable for the fees. Though it would consider any report provided to it.
- The loss adjuster then reviewed Ms R's expert's report and noted there had been no reference to a distortion survey that had previously been arranged. It said all investigation data should have been provided to the expert and asked that the distortion survey be made available and the report amended to reflect its relevance.

- It paid her total compensation of £900 for its errors and handling of the claim.

Ms R remained unhappy and brought a complaint to this service. Lloyds Bank then issued three further final response letters in March 2025. Here's a brief summary of what Lloyds Bank said in those responses:

- It accepted further investigation was needed to determine its liability in respect of the gable wall.
- It had arranged for a new engineer at the loss adjuster firm to be assigned to the claim to arrange this.
- When Ms R called it in December 2024, it should have registered her complaint rather than transfer her to the loss adjuster.
- The Data Subject Access Request (DSAR) was sent to Ms R in the wrong format, then when it was sent to her electronically, a system issue meant she couldn't open it. There was also another customer's report attached to her claim in error, which would be removed.
- Although the loss adjuster had planned further monitoring in July 2024, they then decided this wasn't needed.
- Ms R had sent the loss adjuster the party wall documents in September 2024, and not December 2024 as the loss adjuster had said.
- The loss adjuster considers the cellar will stabilise when the back is underpinned, but further investigation will be done, and the new engineer can comment further.
- It would cover the cost of Ms R's expert's report. When the payment was made, this was £49 short. Lloyds Bank then paid that amount, plus interest. It also paid her £25 by way of apology for this.
- It paid Ms R compensation of £1,700 for its errors and handling of the claim.

Ms R sent us Lloyds Bank's further final responses, though she accepted Lloyds Bank's reimbursement of her expert's fee and the £25 compensation it paid by way of apology for not paying the correct amount initially. Lloyds Bank consented to us taking these further final responses into account, as well as what had happened up to the date Ms R asked us to consider those matters on 22 April 2025.

Our investigator looked into things, and ultimately made the following findings:

- Although Ms R wanted Lloyds Bank to accept the findings from her expert's report, Lloyds Bank wanted to arrange further investigations to review what the report had found and to see if there'd been subsidence movement to the right-hand rear of the property. Our investigator didn't think it was unreasonable for Lloyds Bank to carry out further investigations, given there was conflicting opinions about the matter. She noted though that matters had significantly moved on since April 2025 so she couldn't comment on the current position or what stabilisation work might be needed.
- It wasn't in dispute that Lloyds Bank had handled the claim poorly. But she thought the compensation Lloyds Bank had paid in total over the relevant period was fair.

Ms R didn't accept our investigator's findings and so the matter has been passed 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.

Whilst I've only provided a brief summary of what has happened, I'd like to reassure Ms R that I've considered her submissions in full. However, I won't be addressing each and every point she has raised. I don't mean any discourtesy by this, it merely reflects the informal nature of this service.

In this decision, I've considered matters addressed in Lloyds Bank's final response letters between 24 May 2024 and 21 March 2025 (apart from Lloyds Bank's reimbursement of Ms R's expert's fee as that's no longer in dispute). I've also considered events up to 22 April 2025 as this is when Ms R asked us to consider the further final response letters issued in March 2025, and Lloyds Bank has consented to us doing so.

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 Ms R's complaint.

Ms R's expert report

Ms R arranged for a structural engineer (Mr E) to carry out an inspection. In his report dated 5 November 2024 he made the following main points:

- Lloyds Bank's piling scheme included a section of the left-hand wall, a section of the rear wall and the rear attached porch extension. However, it excluded the rear section of the right-hand wall, which he thought showed strong evidence of having been affected by subsidence, as did the inner wall to the left-hand side of the steps.
- He said the excluded sections were located between the trees and the left-hand side party wall and therefore must have been damaged by subsidence and exhibited cracking that was consistent with foundation movement. He also said the ongoing monitoring of the damage to these walls didn't confirm stability. He thought the foundation modification work should include those excluded sections.
- The subsidence was associated with the dehydrating effect of trees in the neighbouring garden, and whilst they remained in place, the risk of ongoing subsidence remained very high. He therefore agreed with the recommendation to modify the foundations, but thought this should be applied to all of the affected areas he had described.
- One significant omission from Lloyds Bank's superstructure repair proposals related to repairing the right-hand side wall which exhibits clear evidence of lateral displacement caused by subsidence. He therefore recommended the superstructure repairs include a system of restraint to reinstate the lost connectivity between the right-hand side wall of the building and the internal structure to stabilise the gable wall.

The loss adjuster had some concerns with Mr E's report. Within the report Mr E had listed the documents he'd been given by Ms R relating to investigations carried out by Lloyds Bank, but this didn't include a distortion survey it had previously arranged. The loss adjuster thought the distortion survey and monitoring had only shown lateral movement, rather than downward movement of the ground (i.e. subsidence). So, Lloyds Bank wanted Mr E's opinion on this.

Ms R did then provide evidence to Lloyds Bank that she'd given Mr E a copy of the distortion survey before he'd written his report. But she didn't see the need to ask Mr E to specifically comment on the distortion survey.

Although we don't have any comments from Mr E on the distortion survey, since he had sight of this before he wrote his report, I think it's likely he took it into account before reaching his findings.

Whilst Mr E thought there was subsidence damage to the rear right-hand side of the property, the loss adjuster didn't agree. And a firm of structural engineers (that Lloyds Bank were intending to use for the stabilisation repairs) said they hadn't noticed anything to suggest the wall in question had subsidence.

So, as of 22 April 2025, Lloyds Bank hadn't accepted Mr E's findings that there was subsidence damage to the right-hand rear of the property but did decide that further investigation was needed into this to see if there was downward movement of the ground in that area. As there were conflicting opinions about the matter, I think that was reasonable.

To be clear, I'm not making a finding here as to whether or not there was subsidence damage to the rear right-hand of the property. I've only considered whether Lloyds Bank's response to Mr E's report was reasonable (which was to carry out further investigations), and I've found that it was.

Since 22 April 2025, matters have moved on. The trees causing the subsidence damage to the property couldn't previously be removed due to the land being leased from the council by a third party. Though in 2025 that third party moved and the lease was dissolved. That meant the council became responsible for the trees, and they agreed to remove the trees identified as causing the subsidence to Ms R's property. I understand this happened in July 2025.

Mr E's findings were based on the trees remaining in place. However, once trees causing subsidence are removed, this will usually stop the subsidence movement. If that happens then substructure (below ground) repairs likely won't be needed, and superstructure (above ground) repairs can take place. I don't know what repairs are still needed to the property, but when it comes to carrying out repairs, Lloyds Bank can consider the available evidence to decide whether there was subsidence damage to the relevant areas. If there's any future dispute about this, Ms R can bring a new complaint to this service (subject to our usual time limits).

Handling of the claim

Lloyds Bank's handling of Ms R's claim has been really quite poor. There have been multiple errors made and over a significant period. For example, Ms R had to chase various parties involved in the claim for updates, payments, and updated monitoring readings. There were also errors with monitoring readings, and Ms R had to provide evidence of the correct readings herself as the loss adjuster refused to accept the readings could be wrong.

Lloyds Bank accepted these errors and has ensured that Ms R hasn't suffered a financial loss for the outstanding payments as these have now been paid (plus interest). Though it's apparent that the continued errors have meant that Ms R has lost confidence and trust in Lloyds Bank and its ability to handle her claim fairly. It's also the case that Ms R is vulnerable and has explained to Lloyds Bank how the cumulative effect of all the issues has impacted her and her health.

Although our investigator initially suggested that Lloyds Bank should take over the handling of the claim directly from its loss adjuster, Ms R didn't want this. I see that Lloyds Bank arranged for a different engineer at the loss adjuster firm to take over responsibility for the claim, and I think that was reasonable in the circumstances.

I've considered the level of distress and inconvenience that Ms R has experienced, and I think this fits the category we describe on our website as follows:

'An award of over £1,500 and up to around £5,000 is appropriate where the mistakes cause sustained distress, potentially affecting someone's health, or severe disruption to daily life typically lasting more than a year.'

I'm pleased that Lloyds Bank has recognised the impact its errors have had upon Ms R and has paid her total compensation of £2,600 (for the period I'm considering). Taking everything into consideration, I'm satisfied this represents a fair and reasonable amount of compensation.

My final decision

My final decision is that I don't uphold this complaint, as I'm satisfied that Lloyds Bank General Insurance Limited has already paid appropriate compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 9 February 2026.

Chantelle Hurn-Ryan
Ombudsman