

## **The complaint**

Mrs W and Mr W complain that Lloyds Bank General Insurance Limited didn't provide clear information about the settlement of a claim under their home insurance policy.

## **What happened**

The background to this complaint is well known to both parties so I'll give only a brief summary here.

Mrs W and Mr W have home insurance underwritten by Lloyds which covers their home and its contents.

They made a claim in late 2022 after two of Mrs W's rings were lost.

In short, the claim was settled in part by Lloyds providing vouchers for Mrs W and Mr W to use with certain suppliers.

Mrs W and Mr W have made a separate complaint to our service about the settlement itself. Another ombudsman made a final decision on that complaint and decided the settlement offered by Lloyds was fair and reasonable.

The current complaint is about what Mrs W and Mr W were told – or rather not told – about the vouchers.

Mr W says that during a telephone conversation with a Lloyds advisor, he mentioned that he would get value from the vouchers by using them during a sale.

The advisor didn't at that point – or at any other time – tell him that the vouchers could not be used to buy items at sale prices.

When Mrs W and Mr W complained to Lloyds about this, they admitted that the advisor didn't provide that information to Mr W, when he should have done so. And they agreed to pay £50 in compensation to Mrs W and Mr W for their trouble and upset.

Mrs W and Mr W weren't happy with that outcome and brought their new complaint to us. Our investigator looked into it and didn't think Lloyds had done anything wrong.

Mrs W and Mr W disagreed and asked for a final decision from an ombudsman. They think Lloyds' policy terms should warn policyholders that cash settlements might be *considerably* lower than the cost of replacing their jewellery or other valuables. The terms already say that the settlement might be *lower*.

They also think the premiums Lloyds charge don't reflect the value provided.

## **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.

As we've explained to Mrs W and Mr W, I can't look again at the issues raised in their original complaint. The ombudsman in that case decided that the settlement offer made by Lloyds was fair and reasonable.

Under the Financial Conduct Authority's rules, which govern how our service operates, I can't review that complaint again and/or change the decision or outcome.

The complaint I can consider is therefore very narrow. It relates solely to what Mr W was or wasn't told during his telephone conversation with Lloyds' advisor.

On that narrow point, there is absolutely no dispute between the parties about what happened.

In short, Mr W had decided not to allow Lloyds' agents to replace the rings. That left the options of a cash settlement or vouchers.

Mr W spoke first to Lloyds' supplier about the vouchers. He then asked to speak to Lloyds directly. It was in that conversation that he mentioned using the vouchers in the sales – which went unremarked by Lloyds' advisor.

Mr W has suggested that we need to listen to a recording of that phone call to understand his complaint and reach a conclusion about it.

I disagree. As I say, there's absolutely no dispute about what was said – or not said – during that conversation - and Lloyds have accepted their error and offered £50 in compensation.

They also pointed out that Mr W would have been provided with information about the restrictions on the use of the vouchers if he had continued the conversation with their supplier, rather than asking to speak direct to them. Their own advisors aren't fully briefed to deal with queries about the use of the suppliers' vouchers.

There's also no dispute that Mr W was then sent an email, with terms attached which explained that the vouchers couldn't be used to purchase items at sale prices. As Mr W points out, this was clearly after he'd accepted the voucher settlement.

There's no doubt then that Lloyds made an error here and didn't provide Mr W with complete information about the use of the vouchers. That's why they offered the £50 in compensation.

I agree with our investigator that this was a fair and reasonable way for Lloyds to deal with Mrs W and Mr W's complaint. I'll explain why.

Mr W had already made it clear that he wouldn't accept Lloyds' suppliers replacing the rings that were lost. And he clearly wasn't happy with the possible cash settlement.

So, although he wasn't fully informed by Lloyds' agent about the use of the vouchers, that lack of information didn't cause Mr W to choose a voucher settlement in preference to an alternative settlement – and/or contrary to his own best interests or wishes.

In other words, the vouchers were the only place left to go after Mrs W and Mr W had rejected the other options. And, as the ombudsman decided in the previous case, those settlement options (including the voucher settlement) were fair and reasonable and in line with the terms and conditions of the policy.

That being the case, whilst I can see why Mr W was annoyed that he wasn't told about the restrictions on the use of the vouchers, the error in the phone call was simply that, an annoying error.

That error didn't have any financial or other repercussions for Mrs W and Mr W given that the voucher settlement was by then their only option. And the vouchers were never going to be used to purchase items at sale prices.

And in that context, £50 is a fair and reasonable amount to pay in compensation for the trouble and upset Mrs W and Mr W experienced solely as a result of the error made in the phone call.

Mrs W and Mr W have also said they were unhappy with the wording of the policy terms. It's not though for us to tell Lloyds how to word their policy terms. Our role is to determine whether an individual complainant was treated unfairly or unreasonably.

So, I can't require Lloyds to add the word "*considerably*" to the warning in their policy about cash settlements. I *can* say that the previous ombudsman decided that Lloyds hadn't treated Mrs W and Mr W unfairly or unreasonably in the way they offered to settle the claim, bearing in mind the terms and conditions as they were stated at the relevant time.

Finally, Mrs W and Mr W think Lloyds' premiums should better reflect the value of the settlements they'll make in the event of the policyholder suffering a loss.

I believe this relates to the fact that Mrs W and Mr W identified the rings as named items in their policy schedule and valued them higher than the amount eventually reflected in the vouchers or the cash settlement offer.

In other words, Mrs W and Mr W are saying they insured rings at a certain value, paid premiums accordingly, and didn't get the value (for which they'd paid) in the settlement.

As I say, the ombudsman dealing with the previous case decided that there was nothing unfair about the settlement. They will, of course, have taken into account the premium, the policy schedule and the policy terms.

This particular aspect of Mrs W and Mr W's latest complaint might then appear to be raising what is essentially the same question again (in essence, whether the settlement was fair) by now relating that to the premium they paid – and whether it was "worth it".

All I will say in addition is that the insurance market is a competitive one. Insurers are entitled to offer policies to market on whatever terms they choose (as long as those terms are clear to customers) and at a price they set according to their calculation of the risk.

If Mrs W and Mr W don't want to pay the premiums required by Lloyds for the policy terms they offer, they are entirely free to find other insurers with different terms and different premiums.

### **My final decision**

For the reasons set out above, I don't uphold Mrs W and Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W and Mr W to accept or reject my decision before 22 August 2023.

Neil Marshall  
**Ombudsman**