

The complaint

Mr E says Lloyds Bank General Insurance Limited treated him unfairly when it cancelled his home insurance - which included legal expenses cover - policy by mistake. He says its mistake prejudiced his ability to pursue a legal claim.

What happened

The circumstances of this complaint are well known to both parties, so I've summarised events.

- Mr E took out a home insurance policy with Lloyds which includes legal expenses cover.
- Due to an issue with Lloyds' system, it didn't recognise Mr E's payment details and so, the premiums weren't collected by Lloyds, which resulted in the policy being automatically cancelled.
- Although Mr E had informed Lloyds of his new mailing address, it hadn't updated his records and so, the letters informing him that his policy was going to be cancelled were sent to the incorrect address.
- Mr E only became aware the policy had been cancelled when he tried to make a claim for legal cover following an accident.
- Mr E complained to Lloyds about the service he'd received. Lloyds apologised for not updating his address and cancelling his policy in error. In recognition of the difficulties this caused Mr E, it paid him £225 in compensation.
- Lloyds said that whilst it couldn't reinstate the policy, it would set up a new one and back date cover to the date the original policy was cancelled – meaning Mr E would have continuous cover and would be able to pursue a claim under his legal expenses cover. Lloyds later paid an additional £50 compensation to acknowledge the difficulties Mr E experienced in contacting an agent to discuss his concerns.
- Mr E remained unhappy and so, brought a complaint to this Service. An Investigator considered it and didn't uphold it. She was satisfied the total compensation paid by Lloyds and its decision to set up a new policy was fair in the circumstances.
- Mr E disagreed and so, the complaint has been passed to me for an Ombudsman's final 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.

- Having done so, I agree with the outcome our Investigator reached – and I'll explain

why. But first, I want to clarify I'm only considering events up until the date of Lloyds' final response dated 12 April 2023. I'm aware Mr E has another complaint with this Service about the time taken by Lloyds to set up the new policy and consider the claim, but that matter doesn't form part of this complaint.

- I understand Mr E doesn't consider the compensation Lloyds has paid to fairly reflect the difficulties he's experienced. He says Lloyds' handling of things exacerbated the pain and suffering he felt following his accident.
- I'm sorry to hear Mr E was involved in an accident and that he continues to experience stress and health issues because of it - and I don't doubt this has been a challenging time for him. Whilst it's not my intention to minimise the impact the accident had on him, simply put, Lloyds isn't responsible for the pain and suffering he experienced as a direct result of the accident. And so, it doesn't form part of my consideration when determining if the compensation Lloyds has paid is fair and reasonable.
- I can, however, consider Lloyds' actions and the impact this had on Mr E – keeping in mind his individual circumstances. From what I've seen, I'm satisfied Lloyds caused Mr E avoidable inconvenience and distress by cancelling his policy in error and by failing to update his mailing address details - especially when Mr E had taken reasonable steps to ensure Lloyds had his correct contact details. As a result of its mistake, he had to spend time dealing with the matter, and his frustration at having to do so was compounded by the difficulties he faced when trying to speak with a contact at Lloyds about his complaint.
- Mr E has said Lloyds deprived him of cover meaning he couldn't pursue his legal claim – which in turn, exacerbated his pain and suffering. I agree Mr E couldn't pursue his legal claim when he initially intended to because the policy wasn't in place at that time, but Lloyds said it'll set up another policy, backdate cover to ensure continuous cover was in place and that it would inform the legal insurance provider about this. So, whilst I accept Mr E experienced frustration at being told he didn't have legal cover, I'm satisfied the actions Lloyds has said it'll take to put things right are fair and reasonable in the circumstances.
- Mr E has said Lloyds' actions has caused him physical pain. I don't doubt that this has been a difficult experience for him, but I'm satisfied the £275 compensation fairly reflects the difficulties Mr E experienced and I won't be asking it to increase the amount of compensation it has paid.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 26 October 2023.

Nicola Beakhust
Ombudsman