

The complaint

Mrs S complains about how Lloyds Bank General Insurance Company Limited (Lloyds) handled a claim under her home insurance policy following a leak at her property.

Lloyds use agents to administer the policy and to assess claims. Reference to Lloyds includes these agents.

What happened

The details of what happened in this case are well known to Mrs S and Lloyds (and set out in our investigator's view of the complaint). So, I won't repeat here the full detail of what happened and the sequence of events, just a summary.

In May 2022 there was a leak in the kitchen of Mrs S's property, causing damage to the flooring in the kitchen and other areas. Mrs S contacted Lloyds to tell them about the damage and lodge a claim. Lloyds told Mrs S to arrange for a plumber to fix the leak and provided photographs of the damage and affected areas (which she did). Lloyds appointed a personal claims consultant (PCC) to visit the property and inspect the damage.

The PCC visited in June 2022, following which Lloyds asked Mrs S to obtain estimates for the cost of replacing the damaged flooring. Mrs S had difficulty obtaining quotes, so it was agreed (August 2022) that Lloyds would appoint a contractor (B) to scope the work needed to repair the damage. B visited the property the following month, after which the scope of work was authorised (three weeks later). There was some delay while Lloyds secured resource to arrange a start date for the work and B requesting floor drying (not included in the initial scope of work).

A separate contractor (P) was appointed to carry out the drying work, visiting the property in November 2022 to take initial readings. However, the presence of asbestos in the property meant further work and drying needing to be completed before any reinstatement of the flooring could start. P visited the property again in January 2023 to reassess the floor.

In February 2023, Mrs S raised concerns (with B) about the cost of flooring and other issues. Unhappy at several aspects of the work (and the time taken to assess the claim and reinstate the flooring) Mrs S complained to Lloyds. Mrs S also said an elderly relative at the property had suffered personal injury during the reinstatement work.

In their final response they upheld the complaint, apologising for not providing better service to Mrs S. They accepted there had been multiple delays, including it should have established at the start that drying would be needed and it should have started before looking to reinstate the property. There were delays in arranging visits to the property and elements of the work needed were omitted from the scope of works. Lloyds also accepted there was a lack of communication and miscommunication between the contractors, and that Mrs S had to chase them for updates on progress.

To put things right, Lloyds awarded £1,125 in compensation for not providing a better service. They also offered to clean carpets at the property (when reinstatement work was

complete) affected by dust. And to replace the flooring they'd originally offered with flooring of a higher cost (equivalent to that damaged). They also offered to review flooring in the hallway, which Mrs S said was damaged when reinstatement work was being carried out. On the personal injury issue, Lloyds said they thought the flooring (when stripped out) had been made safe. But if Mrs S believed it hadn't and the contractors (B and P) had been negligent (causing the injury) she should contact Lloyds' legal department and provide written allegations of negligence.

Mrs S then complained to this service. She said the issues hadn't been fully resolved, 11 months after the leak. The flooring wasn't replaced for months after the incident (and only took two days). Some work still hadn't been completed, with some jobs (such as painting) only half finished. While Lloyds had increased its offer of compensation (from £600 to £1,125) she didn't think this was sufficient compensation for the distress and inconvenience she (and her family) had suffered (as she'd also had to pay the policy excess of £500).

Our investigator didn't uphold the complaint, concluding Lloyds didn't need to take any action. She thought there were delays during the claim process, due to both Mrs S and Lloyds. The nature of the damage was likely to lead to some delays, given the number of parties involved. And issues due to the presence of asbestos and drying of the property would have caused disturbance. She concluded there was substantial distress and inconvenience to Mrs S's daily life over many months. Taking this into account, the investigator thought Lloyds' offer of compensation, an apology and agreeing to replace the flooring with Mrs S's choice (and clean the carpets affected by dust) was fair. On the injury to Mrs S's elderly relative, that was something Mrs S would need to pursue through a personal injury claim against Lloyds (and contact their legal department).

Mrs S disagreed with the investigator's conclusions and requested an ombudsman review the complaint. She didn't think the investigator had taken all the details of what had happened into account. She also provided photographs and a video of the conditions at her property, lasting over a year. She also referred to the injury to her elderly relative.

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.

I'd first want to say I've considered very carefully what Mrs S has told us about what's happened and the impact it's had on her and her family. And looking at the photographs and video she's provided shows something of the situation at her property during the reinstatement work. A leak causing the damage it did to her property, together with the consequent disruption (including that from the reinstatement work) will always have a significant impact. I've borne this in mind when deciding, as is my role, whether Lloyds have acted fairly towards Mrs S.

It's accepted that there were significant shortcomings in the way the claim was handled, including the reinstatement work needed to make good the damage. Lloyds' final response acknowledges the shortcomings on its part (and those of its contractors) so I won't repeat them here. At the same time, some of the delays weren't attributable to Lloyds or their contractors, such as the difficulty Mrs S had in obtaining quotes for the reinstatement work – meaning the work then had to be carried out by contractors appointed by Lloyds. And having to deal with the presence of asbestos will have brought its own challenges, given the health and safety considerations that asbestos rightly creates.

The main issue in Mrs S's complaint is the level of compensation that would be fair and reasonable, given the shortcomings in the handling of the claim and the reinstatement work. I'll come onto that issue, but I'll first deal with the other aspects of the complaint.

First, there's the issue Mrs S raised about the personal injury to an elderly relative living at the property. She says this was due to negligence from the contractors (B and P) during the reinstatement work. Lloyds say (as do the contractors) that the floor was made safe following the stripping out of the property. But in their final response, they say if Mrs S believes there is a potential personal injury claim, she should raise it (in writing) with their legal department.

I think this is reasonable, so it can be fully and properly considered (including Lloyds' response). By its nature, it isn't something for this service to determine or upon which I can reach conclusions or issue a decision. So, I've not considered this aspect any further.

Other issues include the cost of the replacement flooring within the reinstatement work. From the evidence available, it seems this was originally included in the scope of works at a cost of £15 per sq metre (which is the standard cost Lloyds would use for flooring of the type at Mrs S's property). However, the flooring at the property was of a different quality, being of higher cost. That being the case, Lloyds' offer to replace the flooring at a cost of £22 per sq metre is fair and reasonable, putting Mrs S back in the position she was in before the incident.

Lloyds also offered to clean the carpets at the property, as they were affected by dust created by the reinstatement work. I think that's fair and reasonable (and for the cleaning to take place after the reinstatement work is complete).

On the question of compensation, I've considered this issue carefully in the context of the circumstances of the case. It's clear that while some of the delays were not the responsibility of Lloyds and its contractors (as I've set out above) several of them were. Together, they meant the claim took longer than it should to be assessed, as did the reinstatement work. This in turn meant a significant impact on Mrs S (and her family) over a significant period, extending over many months from the date of the incident.

I've considered this in the context of the approach we take when considering and awarding compensation for distress and inconvenience. I've concluded Lloyds' actions (including the avoidable delays) caused Mrs S substantial distress, worry and upset (including the effect on her from the impact on her family). And there was severe disruption to her daily life (and that of her family) over a sustained period of many months. Lloyds have awarded £1,125 and in the context of our approach, I've concluded this is a fair and reasonable figure in the circumstances of this case.

If Lloyds haven't already paid the compensation, then they should do so.

My final decision

For the reasons set out above, it's my final decision that Lloyds Bank General Insurance Limited should:

- Pay Mrs S £1,125 in compensation for distress and inconvenience (if they haven't already paid it).

Lloyds Bank General Insurance Limited must pay the compensation within 28 days of the date on which we tell it Mrs S accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 25 August 2023.

Paul King
Ombudsman