

The complaint

Mr F and Mrs F complain that Lloyds Bank General Insurance Limited (Lloyds) declined part of their claim under their home insurance policy.

What happened

Mr F and Mrs F had an escape of water at their home. It caused damage to one tiled wall and some floor. Lloyds accepted the claim but told Mr F and Mrs F that it would not pay for the rest of the undamaged walls, as there was no matching sets cover included in their policy.

Mr F and Mrs F chose to have a feature wall and in turn chose the replacement tiles, colour, and pattern. The damaged wall was then retiled. Lloyds said that following the completion of the retiling, neither Mr F nor Mrs F expressed dissatisfaction.

However, Mr F and Mrs F referred a complaint to our service. One of our investigators considered the complaint and thought it should be upheld. He said that it was fair that Lloyds pay 50% towards the cost of replacing the undamaged tiles, as a compromise.

Mr F and Mrs F accepted the view. Lloyds did not. It said that it was unfair for Mr F and Mrs F to now, after all the work had been completed to their satisfaction, be given 50% towards the cost of the undamaged tiles. This would be classed as betterment. It also pointed out that Mr F and Mrs F were at liberty to have chosen to include matching sets cover in their policy as this was an option, that attracted a higher premium. But they chose not to have this extended cover. So, it wasn't fair for them to now benefit from it. And it asked for a decision from an ombudsman.

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 considered the complaint, and I thought the complaint should be upheld. I issued a provisional decision on 21 September 2023 and asked both parties to send me anything else by 19 October 2023. In my provisional decision I said:

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of the complaint.

Having done so, I'm minded not to uphold this complaint. I understand that this is likely to be a disappointment to Mr F and Mrs F, but I hope my provisional findings explain why I think this is fair.

I've considered the comments and evidence from both parties. And I think the main issue of this complaint, is whether it was fair for Lloyds to decline to cover the cost of the undamaged tiles. So, I've concentrated this provisional decision on this issue.

Mr F and Mrs F held a policy with Lloyds for a few years. They experienced an escape of water at their home, that caused damage to one tiled wall and floor.

Lloyds said that they had the option of including matching sets cover in their policy, at an increased premium, but they chose the standard cover that didn't include matching sets. Consequently, when Lloyds informed Mr F and Mrs F that there was no cover for the undamaged walls, they chose to have a feature wall of tiles.

Mr F and Mrs F chose the tiles they wanted, including the colour and pattern. I note that at the time, no complaint was raised about the feature wall.

Mr F and Mrs F said to our investigator that they: 'happy about the replacement wall, however, it would've looked much better had all the bathroom been retiled'.

I've had a look at the policy terms and conditions, as this is the agreement between the parties. And it outlines what Lloyds' obligations were under the policy. I've also had a look at the levels of cover that a customer can choose.

There are two levels of cover that Mr F and Mrs F could have chosen. Either the premier cover, which includes (among other things) full cover for matching sets. This would mean that Mr F and Mrs F would've had to pay an increased premium. And Lloyds would've been responsible for the cost of replacing all of the undamaged tiles.

Mr F and Mrs F chose not to have the premier cover and chose the standard cover. Having reviewed the standard cover, this meant that a lower premium was payable. But the cover was limited to only the replacement of the damaged tiles.

From what I've read, Lloyds replaced the damage tiles, but those tiles were chosen by Mr F and Mrs F. They appeared to be aware of the restrictions of their cover and decided to have a feature wall. I note that they also withdrew their complaint as they appeared happy with the replacement tiles. It was only after the tiles had been fitted that Mr F and Mrs F raised their complaint.

I'm not satisfied that Lloyds were unfair not to replace all of the undamaged walls. I will explain why. Mr F and Mrs F had the choice to increase the level of cover to have included matching sets. I can't see that they chose to do this.

In addition, I'm satisfied that they chose the tiles, pattern, and the featured wall, as a replacement for the damaged tiles. Whilst I understand that they now feel that the tiles are mis-matched. I can't agree that they wouldn't have been aware of this before the tiles were replaced. Further, I do agree that to recommend that Lloyds pay a 50% contribution to the cost of the undamaged tiles, would be classed as betterment. Given that the work had been completed and Lloyds (after having confirmation from Mr F and Mrs F) had settled this part of the claim.

Taking all of the evidence into consideration, I don't think that at present, Lloyds was unfair or unreasonable not to replace the undamaged tiles, for the reasons I have given. If Mr F and Mrs F have any evidence to the contrary, then of course I will consider it.

Responses to my provisional decision

Lloyds had no further comment to make to the provisional decision. Mr F and Mrs F did not respond.

As there has been no further comments made by Lloyds and as Mr F and Mrs F did not wish to respond, my provisional decision will be the same as my final decision.

My final decision

For the reasons given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Mrs F to accept or reject my decision before 20 November 2023.

Ayisha Savage
Ombudsman