

The complaint

Mr J complains Lloyds Bank General Insurance Limited (Lloyds) unfairly declined a claim under his home insurance policy. He considers Lloyds to have caused avoidable delays and he wants to be compensated for this.

Any reference to Lloyds includes the actions of its agents.

What happened

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

- Mr J has a home insurance policy which is underwritten by Lloyds.
- In February 2022, he made a claim on his policy for damage to his kitchen floor tiles which he said had cracked due to moisture coming up through the concrete subfloor. He said the kitchen's underfloor heating had also stopped working a few days prior.
- At the same time, Mr J arranged for a plumbing engineer to attend his property – who fixed a leaking radiator.
- Mr J says he commenced repair works in April 2022 having experienced difficulties in contacting Lloyds and delays with it progressing his claim.
- The claim was subsequently declined in mid-May 2022. At this time, Lloyds said because Mr J had ripped out the kitchen and installed a new one, it wasn't able to assess the water related damage and validate the claim.
- Unhappy with Lloyds' decision to decline his claim and the customer service he'd received, Mr J complained.
- In response, Lloyds paid Mr J £650 compensation. This was to account for the difficulties Mr J said he'd experienced in contacting Lloyds. As part of its response, it said there was a valid claim for the floor but questioned why the kitchen was removed to repair the leak. So, it arranged for a personal claims consultant (PCC) to reconsider the claim.
- In July 2022, following the PCC's review, Lloyds maintained its position that there wasn't a valid claim because there wasn't any damage to inspect, and Mr J hadn't provided a cause of damage report. It added that it couldn't see how the radiator – which Mr J had said was where the water leak emanated from – could cause damage to the kitchen tiles approximately three meters away.
- Lloyds did, however, award a further £100 compensation because it said it had incorrectly given Mr J the impression it could consider the flooring element of his claim. Mr J declined Lloyds' offer of additional compensation.

- Unhappy, Mr J complained to this Service. An Investigator considered it but didn't uphold it. Because Mr J disagreed the complaint has been passed to me for an Ombudsman's 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.

The Insurance Conduct of Business Sourcebook (ICOBS) states an insurer must handle claims promptly and fairly and must not unreasonably reject a claim. So, I've considered what this means in the context of Mr J's complaint.

Lloyds' decision to decline Mr J's claim

- With any claim, the starting point is that the onus is on the policyholder to show an insured event most likely caused the damage claimed for. Here, Mr J says the leak emanating from the radiator caused the damage to his kitchen floor and units – he's provided his plumbing engineer's invoices, photographs of the affected areas, and the repair works he's carried out, to do so.
- But Lloyds has said it can't validate the claim because the repairs have been completed and so, there's no damage to assess. It also doesn't consider the evidence provided by Mr J to show the leak from the radiator caused the damage.
- Because the parties dispute how the damage occurred, I need to consider whether Mr J has shown, on the balance of probabilities, that an insured event caused it. So, I've looked at the evidence provided by both parties.
- Mr J's plumbing engineer reported after their initial visit:

"Attended property to reports of a leak coming through the kitchen floor tiles. I found water in various locations in kitchen area. I was unable to ascertain exact source of leak, so I have isolated the hot and cold supplies to the kitchen for now and will need to return for further investigations."

- Following their subsequent visit, the engineer reported:

"Pulled out kitchen base unit but the source of the leak was still not obvious. Removed tiles around kitchen base unit area and found screed to be soaking wet so carefully hacked away screen to reveal hot and cold water pipes. Pulled up tiles and screed from around radiator area to expose heating flow and return pipes. Found heating return pipe to be leaking. [...] replaced section of 15mm pipe within screed. Filled and vented system. Tested and left correct."

- Whilst Mr J's engineer identified a leak with the radiator and noted parts of the floor were wet – I note their comments don't confirm the damage occurred *because* of an escape of water from the radiator. The plumbing engineer has said the screed around the kitchen base units was soaking wet but there isn't photographic evidence to support this – likewise with the area by the radiator.
- I've also looked at the photographs provided by Mr J and note these show tape seemingly placed across several cracks. But as above, these photos aren't accompanied by evidence – such as photographs of wet flooring underneath the tiles

or a cause of damage report. So, there's little evidence to support the radiator being the most likely cause of the water related damage.

- I've also kept in mind the PCC's comment that notably, the radiator and damaged tiles were approximately three metres apart - and that if water emanating from the radiator was the cause of the damage, it would be reasonable to expect to see damage occurring between the two points. But that hasn't happened here.
- I've also considered Mr J's point that he's since discovered his floor is sloped which he says allowed water from the radiator to travel a greater distance. Whilst Mr J's explanation might be plausible, in the absence of evidence which shows the floor was wet underneath the damaged tiles and that this was connected to the radiator leak, I'm again, not persuaded there's sufficient evidence to show the damage is attributable to an insured event.
- I understand Mr J feels strongly that had Lloyds acted promptly and assessed the damage earlier on things wouldn't have escalated to the point of him needing to strip out his kitchen. But from what I've seen, I don't consider Lloyds' handling of his claim to have been so unreasonable that he was left with no alternative but to act beyond identifying where the water *may* have been coming from.
- I say this because Mr J logged his claim online in February 2022, but according to Lloyds didn't follow up the claim until May 2022 - at which point it appointed its surveyor to inspect the damage. It's unclear whether this period of inactivity was due to an error on Lloyds' or Mr J's part, but I note Lloyds has since said that whilst it paid £650 compensation, this wasn't based on there being clear evidence of it having failed to progress the claim – rather it had given Mr J the benefit of the doubt that he'd had difficulties getting in touch due to there being a high demand for Lloyds's service at the time.
- But in any event, the terms and conditions of the policy make it clear the policyholder must give Lloyds information which includes the cause of the damage or loss, and that it has a chance to inspect the damage and validate the claim before the policyholder takes steps to repair, as it says:

“Do not throw away any damaged items before we have had a chance to see them or carry out any non-emergency repairs before we have had a chance to inspect them.”

[...] *“You must be able to prove and substantiate your loss.”*

- And so, whilst I accept it was reasonable for Mr J to instruct a plumbing engineer to identify a leak, I don't consider it fair to expect Lloyds to cover the costs of replacing his floor and kitchen units when it hadn't been given the opportunity to validate the claim in line with the policy terms.
- Mr J has said he wasn't given clear instructions at the start of his claim, and this led to him not following the claims process as Lloyds has prescribed. But I'm satisfied the policy makes it clear what's required of the policyholder, and so I'm not persuaded by this argument.
- Mr J says he's incurred a financial loss by repairing and replacing his kitchen, but simply put, that alone doesn't mean there's a valid claim. Ultimately, he needs to have shown that on the balance of probabilities an insured event caused the damage – but for the reasons set out above, I'm not persuaded he's done that. And so, I don't

consider Lloyds' decision to decline his claim to be unfair.

- For completeness, Lloyds has said there isn't "trace and access" cover because this only applies if there's a valid escape of water. As there isn't an insured event here - I'm satisfied it's applied the relevant policy term fairly.

Compensation for claims handling

- ICOBS requires insurers to handle claims promptly – but what's prompt will depend on the nature of the damage. Mr J has said Lloyds' lack of action left him no choice but to continue with the repair works and so, it should cover his claim. I've already explained above that I'm not persuaded by this argument, but I have considered whether any further compensation is warranted here.
- Lloyds has said that following Mr J initially logging the claim it didn't hear back from him until May 2022. It's acknowledged that he might have experienced difficulties in getting through on the phone during periods of high demand, but it says it also tried to contact him by phone and text message but that it didn't hear back from him.
- I've said above it's not entirely clear whether Lloyds is solely responsible for the delays here – but even if it were, I'm satisfied the amount of compensation it's awarded in total - £750 - fairly reflects the difficulties Mr J *may* have experienced in respect of this and recognises that it mismanaged his expectations regarding the flooring element of his claim being covered.
- I've thought about whether Mr J would have acted differently had he known the damage to his floor wasn't going to be covered but I'm not persuaded he would have. I say this because prior to Lloyds' confirming the outcome of the claim, he'd already purchased new tiles, underfloor heating and arranged for the sub floor to be laid.
- So, having considered everything, I won't be asking Lloyds to pay an additional amount and I'll leave it with Mr J to decide whether he wants to accept the compensation its already offered.

My final decision

My final decision is that I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 28 July 2023.

Nicola Beakhust

Ombudsman