

## **The complaint**

Mrs C and Mr C complain about Lloyds Bank General Insurance Limited (“LBI”) and the handling of the claim they made on their home insurance policy.

Mr C has acted as the main representative during the claim and complaint process. So, for ease of reference, I will refer to any actions taken, and comments made, by either Mrs or Mr C as “Mr C” throughout the decision.

## **What happened**

Mr C held a home insurance policy, underwritten by LBI. Unfortunately, in January 2021, there was a fire at Mr C’s home, which resulted in significant damage being caused. Mr C appointed a loss assessor, who I’ll refer to as “E”, to manage the claim on his behalf. And so, E contacted LBI to make a claim.

E appointed a surveyor to compile a schedule of works. And E and the surveyor tendered this work before presenting the tender prices to LBI. LBI agreed to authorise the lowest price tender or explained that a higher priced tender could be chosen if Mr C was willing to cover the difference, or E was able to negotiate a reduction in price. The lowest priced tender contractor, who I’ll refer to as “X”, was chosen to complete the works.

The timeline of events that transpired after this are well known to both Mr C and LBI. So, I don’t intend to set out exactly what happened in chronological order. But in summary, Mr C was unhappy with the condition of his property after X had completed the required works. And he was unhappy with LBI’s refusal to indemnify and pay for the costs of repairing the snagging issues that arose from X’s work unconditionally, as well as the overall service he received from LBI during the claim process. So, he raised several complaints, which included and were not limited to what I’ve detailed above.

LBI responded to Mr C’s complaints on several occasions, not upholding them. In summary, LBI thought that they had acted fairly, and in line with the terms of the policy Mr C held. They explained that Mr C entered into a separate contract with E. And, because E appointed the surveyor and X to agree and complete the repair works, any issues with the quality of the repair works would be responsibility of E to address, rather than themselves. But despite this, LBI thought they’d acted more than fairly by attempting to help Mr C, when it was clear his relationship with X had broken down. So, they didn’t think they needed to do anything more. Mr C remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and upheld it in part. They explained that, as Mr C had appointed E himself before his claim was made with LBI, LBI couldn’t be held responsible for the actions of E, or the surveyor and X that E appointed. While they recognised Mr C didn’t feel this was made clear, they thought this would’ve been the responsibility of E to explain, and not LBI. And our investigator was satisfied that LBI had covered the costs of the repairs required to fix the damage caused by the original insured event. So, they thought any issues regarding the quality of these repairs, and the costs needed to rectify this, would be the responsibility of X as it was their workmanship in question. And if Mr C did think there were issues that resulted from the fire, and not the poor

workmanship, our investigator thought LBI were fair to expect to be provided with evidence of this, for them to consider under the terms of the policy. So, they didn't think LBI needed to do anything more for this aspect of the complaint.

But they did think LBI could've been more proactive when responding to Mr C's communication. And they recognised LBI sent Mr C information relating to a different customer, which would've been distressing. So, our investigator recommended LBI pay Mr C £300 to recognise any upset these issues above caused.

LBI initially disputed this recommendation but after discussion with our investigator, accepted it as resolution to the complaint. But Mr C strongly disagreed, providing several and extensive reasons explaining why. This included, and is not limited to, Mr C's continued assertion that the policy he held did not make it clear that by appointing E, LBI would not be responsible for the work completed by X. And he disputed the fairness of this, as LBI agreed for X to be used when presented with the tender options. Mr C maintained his belief that, as his contract was with LBI, they should ultimately remain responsible for any costs required to ensure his property is returned to its pre-incident condition and so, this is what he expected LBI to do. As Mr C didn't agree, the complaint has been passed to me for a 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'm upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Before I explain why I've reached this decision, I think it's important for me to set out exactly what I've been able to consider within the complaint and crucially, what LBI are responsible for. I note Mr C appointed E to manage the claim on his behalf, before a claim was raised with LBI. And it was E, acting in that capacity, that appointed surveyors and then X, the contractor who undertook the initial repairs.

When Mr C appointed E, he entered into a separate contract, outside of the policy he held with LBI. So, I can't hold LBI responsible for the actions of E, as E weren't acting on LBI's behalf in their role as the insurer. And because of this, LBI are also not responsible for the actions of the surveyor and most crucially in this case, the actions of X. While I appreciate Mr C says he wasn't made aware of this, I would expect E to make this reasonably clear when being appointed, and reaching an agreement to work on behalf of Mr C. I don't think it is reasonable to expect LBI to proactively provide Mr C with information surrounding the use of E, as I think it's fair for LBI to assume E has provided Mr C with the necessary information for him to make an informed decision. So, when E raised a claim on Mr C's behalf, I think LBI were fair to assume Mr C understood the potential implications of this.

In this situation, E were ultimately responsible for the managing of the repairs, and the quality of these. LBI, in their role as insurer, were only responsible for indemnifying the claim, and covering the costs incurred by E, and their agents, when making the repairs. And crucially, LBI were only responsible for covering the costs of the repairs required to fix the damage caused by the insured event, which in this case was the fire in January 2021. And from all the information I've seen, I think LBI have covered the costs of this.

From what I've seen, the outstanding costs, and the costs Mr C incurred himself directly, were works required to fix the poor workmanship of X. And under the terms of the policy Mr

C held with LBI, it explains clearly that LBI won't cover loss or damage caused by *"faulty design or workmanship or using faulty materials"*. So, I don't think it's reasonable to expect LBI to cover any of the additional costs Mr C has incurred, unconditionally.

I think it's reasonable to assume that had X, working as an agent of E and not LBI, completed the repair work to a standard satisfactory to Mr C, then Mr C's home would've been returned to its pre-incident condition. So, as I think LBI have covered the costs initially quoted to complete this work, I think it's reasonable for me to say LBI have acted both fairly and reasonably in their role as the insurer. And because of this, I don't think they need to do anything more for this aspect of the complaint. Should further issues arise that Mr C feels is down to the original insured event, rather than the fault of X, then I'd expect Mr C to present this evidence to LBI, so they can assess this against the policy terms.

I understand Mr C will strongly disagree with this conclusion. And I want to reassure Mr C I've considered all of the comments he's raised, even if I don't, and haven't, commented on them specifically. While I appreciate Mr C's view regarding the legalities of his contract, and a legal ruling he provided from another country, it is not our services role to make legal determinations on the validity, or interpretation of, a contract. While we do think about legal precedents on occasion, this is only to help us make a decision on whether a business has acted fairly and reasonably. And in this situation, I think LBI have.

I also recognise Mr C's point about LBI agreeing to the tender put forward by X. And that by doing so, they agreed to be responsible for X's actions. But I don't think that's the case here. Firstly, LBI did offer Mr C the chance to use another tender, should he wish to cover the difference. And I don't think LBI acted unfairly when doing so, as the tender X put forward, while the cheapest, was to complete the schedule of work already compiled by the surveyor.

And even if they hadn't done so, LBI weren't the business who sourced X to provide a tender. This was E. And E did so in their role that was agreed with Mr C under an entirely separate contractual agreement. So, when LBI agreed for X to be appointed, I don't think this means LBI were agreeing to be responsible for the quality of X's work. Instead, they were agreeing to pay the cost X quoted to complete the works agreed by E's appointed surveyor for the initial repair work needed, based on the surveyor's recommendations. And I'm satisfied this is what LBI did. So, these points, and any others raised by Mr C, haven't impacted the decision I've reached regarding this issue.

But having reviewed the claim notes, I do think there were occasions where Mr C sought an update from LBI, and LBI failed to respond in what I think was a fair and reasonable amount of time. Even though some of Mr C's requests may have been better directed to E, I'd still expect LBI to respond appropriately and on occasion, I don't think they did. And this is on top of LBI sending information regarding other customers claim to Mr C, which LBI have accepted was unreasonable. So, I do think LBI acted unfairly and unreasonably at times over the claim process and so, I've turned to what I think LBI should do to put this right.

### **Putting things right**

When thinking about what LBI should do to put things right, any award or direction I make is intended to place Mr C back in the position he should've been, had LBI acted fairly. In this situation, had LBI acted fairly, I think they would've been quicker in responding to Mr C's contact, and paying invoices put to them by E when needed. And I don't think they would've sent Mr C information intended for another customer.

And had they done so, while I do think Mr C would ultimately be left in the situation regarding his claim and his unhappiness with X's quality of work, I think he would've been prevented some frustration in feeling like he had to chase LBI for responses. And I think some of the

costs LBI were responsible for would've been paid sooner, which would've no doubt relieved some of the anxiety Mr C was no doubt experiencing due to other issues outside of LBI's control.

I also think that, by sending Mr C information for another customer, it created the impression that there was a lack of care, and attention to detail, with LBI's handling of his insurance claim. And I do understand the worry and concern this would create.

Our investigator recommended LBI pay Mr C £300 to recognise the impact I've outlined above, And I think this recommendation is a fair one, that falls in line with our service's approach and what I would've directed, had it not already been put forward.

I think it fairly recognises LBI's failings on more than one occasion, which would've no doubt made the impact of these failings worse. But I think it also takes into consideration LBI's role within the claim process, considering the involvement of E, and reflects the fact that much of Mr C's unhappiness and upset has been caused by events LBI ultimately aren't responsible for. So, this is a payment I'm directing LBI to make.

### **My final decision**

For the reasons outlined above, I uphold Mrs C and Mr C's complaint about Lloyds Bank General Insurance Limited and I direct them to take the following action:

- Pay Mrs C and Mr C a total compensation of £300 to recognise their service failings and the incorrect information they were sent relating to a different customer altogether.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 11 December 2023.

Josh Haskey  
**Ombudsman**