

The complaint

Mr M and Mrs M complain about Lloyds Bank General Insurance Limited's ("Lloyds Bank") decision to decline their claim for alternative accommodation under their home insurance policy.

Mr M and Mrs M's complaint has been brought by a representative – who I'll refer to as Mr M(1).

What happened

Mr M and Mrs M made a claim to Lloyds Bank after an escape of water incident at their home. Mr M and Mrs M moved in with Mr M(1) who asked Lloyds Bank if they would consider any payments for them living at his property. Lloyds Bank declined so Mr M(1) complained on behalf of Mr M and Mrs M. Lloyds Bank responded and explained there had been no out of pocket expenses incurred by Mr M and Mrs M. They explained if Mr M and Mrs M weren't able to stay with Mr M(1), then they would've reviewed the requirement for alternative accommodation.

Our investigator looked into things for Mr M and Mrs M. She thought it wasn't unreasonable for Lloyds Bank to decline the claim for alternative accommodation. Mr M and Mrs M disagreed so the matter has come 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've decided not to uphold the complaint. I understand Mr M and Mrs M will be disappointed by this but I'll explain why I have made this decision.

My starting point is Mr M and Mrs M's home insurance policy booklet. This sets out the terms and conditions and provides cover for Mr M and Mrs M if they require alternative accommodation should their home be deemed uninhabitable during repairs. Mr M(1) says he decided to charge Mr M and Mrs M rent at £1,000 per month but was happy to accept less, in the region of £500 per month. He feels Lloyds Bank should cover this for Mr M and Mrs M as a hotel would've cost significantly more.

I can see Lloyds Bank say, when considering cover under the policy, a policyholder would need to act as though they were uninsured. Claim notes provided by Lloyds Bank show they spoke with Mr M(1) shortly after the escape of water incident and he explained his parents, Mr M and Mrs M, would be living with him. The notes say, no alternative accommodation was therefore required. I can see Lloyds Bank spoke with Mr M(1) again a few months later after he said he would be charging rent. The notes say Mr M(1) said he'd never previously rented out the room and wouldn't consider doing so if Mr M and Mrs M weren't insured. Lloyds Bank then took the view this wasn't an out of pocket expense for Mr M and Mrs M so it wouldn't be covered. I do acknowledge Mr M(1)'s point about there being alternative accommodation cover under the policy but I don't

think it's unreasonable for Lloyds Bank, in the circumstances and following their discussions with Mr M(1), to take the view that Mr M and Mrs M living with Mr M(1) doesn't represent an out of pocket expense.

Lloyds Bank say they acknowledge Mr M(1)'s point about incurring extra expenses for bills and food, but as he isn't the policyholder, they can't reimburse him for these expenses. They acknowledge Mr M(1)'s point about his own heating and electricity costs increasing but they say Mr M and Mrs M would've had to pay for utilities if they were living in their own home. They say, as they're not paying for these for their own home, these costs can be used while they're staying with Mr M(1). They say, should Mr M and Mrs M feel they're out of pocket paying over what they normally would, then Lloyds Bank would review this on receipt of any evidence. I acknowledge Mr M(1)'s own expenses may have increased, but I can't say Lloyds Bank are acting unfairly in taking this approach. And I think it's reasonable that they're prepared to consider any expenses incurred by Mr M and Mrs M over and above their usual expenses, subject to receiving evidence.

I note Mr M(1) says Mr M and Mrs M are elderly, and living in a new environment would've affected them mentally and physically. He says they feel comfortable in his home, so this has prevented any distress for them. I do acknowledge Mr M(1)'s points but the alternative accommodation is available to Mr M and Mrs M and Lloyds Bank have confirmed this would've been reviewed had they not been able to stay with Mr M(1). But, the position is that there's been no financial loss to Mr M and Mrs M in staying with Mr M(1) and no evidence of this representing an out of pocket expense. I can see Lloyds Bank say they'll consider any out of pocket expenses but Mr M and Mrs M will need to evidence this. So, I don't think Lloyds Bank are acting unfairly in declining this part of the claim.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 5 October 2023.

Paviter Dhaddy
Ombudsman