

The complaint

Mr S complains that UK Insurance Limited (UKI) made a fraud report in relation to an insurance claim which has prevented him from accessing credit. He wants it removed.

What happened

On 2 February 2016 Mr S made a claim under his landlord insurance policy with UKI. He said a water leak from the bathroom in August 2015 had damaged kitchen cabinets. UKI started its claim process but decided to reject the claim and cancel the policy as it suspected the claim was fraudulent.

UKI had several concerns and set them out in its letter of 15 June 2016 rejecting the claim and cancelling the policy. In summary these were:

- When the damage was reported, UKI wanted a contractor to inspect and assist with drying out the property. It made several attempts to arrange this but Mr S refused access and then said no drying was needed.
- On 15 February another contractor was able to attend and found the kitchen had already been fully replaced and no damage was evident. Mr S advised repairs had cost around £6,000.
- With no damage to inspect UKI decided to make further enquires. It checked an insurance database. This showed a claim for the damage to the kitchen had been made to another insurer (I'll call it A) on 27 January 2016 by a third party (I'll call them X) who held contents insurance with A. The cause of the damage was given as rising damp. A said its policy didn't cover this and declined the claim.
- On the same day Mr S also contacted UKI to register a claim for damage caused by rising damp to three walls in the property including the kitchen. UKI declined this claim as rising damp wasn't covered by the policy.
- UKI said that X was closely related to Mr S. UKI then spoke to Mr S on several occasions. It raised various queries and compared his replies to previous answers provided (the calls were recorded). He confirmed the damage was caused by a leak and the kitchen hadn't been damaged previously. In a subsequent conversation UKI advised it knew the kitchen had been damaged by rising damp and attempts to claim for this had been made with A as well as UKI.
- When asked about X, Mr S said they were his tenant and he didn't know X had tried to claim for the damage. In an earlier call Mr S had told UKI that the close relative now known to be X had told him about the damage. Various other comments were made about what had happened and when, which contradicted previous comments.
- UKI said Mr S knew the damage was caused by rising damp and wasn't covered. And that he'd then attempted another claim by giving a different, misleading explanation of how and when the damage had been caused. UKI said this was the reason Mr S had prevented access and replaced the kitchen before it could be inspected.
- UKI rejected the claim as it's position had been prejudiced as it hadn't been able to assess the damage. UKI also said that the claim was fraudulent:

"Based on this information we conclude that you have knowingly given us information that you were aware was untrue or misleading. We further believe that this was undertaken dishonestly and with the intention of making a financial gain for yourself or another party."

UKI rejected the claim and cancelled the policy and also other policies held by Mr S with it. UKI's letter also stated the following:

"We may notify the relevant authorities.

We may share details of this matter with fraud prevention agencies and this may adversely affect your ability to obtain financial products in the future."

Mr S disputed some of the points. He provided UKI with an invoice for a repair to a pipe which he said substantiated his explanation about the water leak. UKI made some enquiries before rejecting the invoice saying it didn't change its decision about reporting the matter as fraud. Mr S indicated he would take advice, including from our service but didn't appear to do so at the time. As he didn't make a complaint, UKI didn't send a final response letter.

Mr S complained to UKI in August 2019 after being declined for car finance due to a fraud report (or marker) by UKI on CIFAS, which is a fraud prevention agency.. He wanted it removed. UKI reviewed its handling of the claim and the fraud report. It rejected Mr S's complaint saying it was satisfied the outcome (in 2016) was correct and sent a final response letter confirming this. Mr S referred his complaint to our service.

Our investigator looked into it. She didn't uphold the complaint. She thought that UKI had acted reasonably and followed the terms and conditions of the policy which said it could be cancelled and reports made to fraud prevention agencies. As UKI had acted reasonably she said it couldn't be asked to remove the CIFAS marker.

Mr S disagreed with our investigator's view. He said some of UKI's points were lies and he would provide information and evidence of this. Our investigator contacted Mr S on several occasions asking for this, but Mr S hasn't provided anything further.

As Mr S doesn't agree with our investigator's view it has been passed to me to decide.

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 won't be upholding this complaint.

I think UKI has acted fairly and reasonably in its dealings with Mr S. He gave UKI no opportunity to inspect the damage and provided conflicting explanations of what had happened. In rejecting his claim, cancelling the policy and reporting to CIFAS, UKI acted within the terms of the policy as set out in the policy booklet and in compliance with the law under the Insurance Act 2015.

CIFAS is a not for profit association representing organisations across the public, private and voluntary sectors, it operates fraud prevention databases. A CIFAS marker can have serious implications for the individual and any allegation needs to be justified. Having reviewed the evidence on UKI's file and in the absence of anything further from Mr S I am satisfied that

UKI has acted fairly and reasonably in placing a fraud marker against Mr S's claim and reporting this to CIFAS.

As UKI acted fairly and reasonably I won't be asking them to do anything here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 June 2020.

Nigel Bracken
Ombudsman