

The complaint

Miss W complains U K Insurance Limited- trading as Direct Line (“UKI”) have declined to cover a buildings insurance claim and cancelled her policy.

Miss W’s claim has been brought by a representative, Mr O, who for ease I shall refer to in my decision below.

All references UKI also include its appointed agents.

What happened

The details of this complaint are well known to both parties, so I won’t repeat them in full again here. This is a summary of the events that led to this complaint.

- In February 2020 Mr O contacted UKI to initiate a claim for damage caused by a leak at Miss W’s tenanted property.
- UKI required Mr O to provide a copy of Power of Attorney (POA) for Miss W, before it could proceed.
- Mr O arranged for a private Plumber to carry out some initial work in March 2020 to make the bathroom safe.
- Mr O said he sent the POA to UKI in March 2020 but didn’t hear back from it. UKI told Mr O in June 2020 and on further occasions it hadn’t received the POA from Mr O.
- UKI arranged a video inspection of the property in June 2020. Following this Mr O forwarded estimates to UKI provided by Builders for repairs.
- UKI noted Mr O had also provided an invoice for initial work completed by the Plumber in March 2020 – and the Plumber’s address wasn’t located close the address of Miss W’s rental property. UKI contacted the Plumber who was unable to recall the work in question.
- Mr O contacted UKI for an update in October 2020 but was told the claim had been closed as the POA had not been received. UKI has since confirmed the POA was initially sent to an incorrect address in March 2020 but was received at some point previously around May 2020. However, it hadn’t been logged across all its systems.
- Mr O complained about the progress and handling of the claim.
- UKI wrote to Mr O in December 2020 highlighting some concerns it had, including the Plumber’s invoice and estimates for repairs being addressed to a company.
- UKI said it was satisfied he had deliberately provided inaccurate information. As a result, UKI said the claim would not be paid, and it was cancelling Miss W’s policy.
- A further complaint regarding this was raised by Mr O. UKI said it was satisfied with its overall handling of the complaint but acknowledged there were times where it could have provided a better service – such as in returning Mr O’s calls.
- Mr O wasn’t satisfied with UKI’s response, so he brought Miss W’s complaint to our service.

Our investigator recommended Miss W’s complaint be upheld.

He said typically, an insurance policy wouldn't cover the fixing of the leak – so It was likely the invoice from the Plumber wouldn't have been claimable under the policy.

He said he wasn't persuaded Mr O had sent the invoice with any intent to exaggerate the claim. And didn't think it had any bearing on whether there was a valid escape of water claim on the policy.

He also commented he wasn't persuaded the estimate for repairs being sent to an email address associated with Mr O's previous company would invalidate the claim. So, he didn't think this was enough to say the claim was fraudulent.

To put things right he recommended UKI:

- Reconsider the claim in line with the remaining terms and conditions of the policy.
- Remove any record of Miss W's policy being cancelled/voided from its internal records.
- Remove any negative information about Miss W's policy from external databases.

UKI didn't agree with our investigator. It provided further comments in which it reiterated its concerns regarding validating the claim.

UKI asked for the matter to be put to an ombudsman to consider.

The complaint has now passed to me.

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 agree with the conclusions reached by the investigator for these reasons:

- UKI carried out a video inspection of Miss W's property in June 2020. System notes confirm a leak was identified along with signs of damage to a built-in unit. There are also photos that are consistent with the damage detailed in the notes. So I'm persuaded there is sufficient evidence of damage caused by an escape of water at the property.
- The main issue here is whether UKI acted fairly in invalidating the claim and cancelling the policy.
- I can understand UKI's concerns. When it called the Plumber, he wasn't able recall the job and confirms he wouldn't have travelled the distance for the work involved.
- Mr O has said UKI didn't mention identifying factors in the call such as his or Miss W's name. And as he frequently uses the Plumber for work, they would have recognised his name.
- Mr O has also added that the work had been subcontracted to another contractor closer to Miss W's property.
- Considering all available evidence, I'm persuaded by what Mr O has said here. The invoice date, and cost supports that it was to rectify initial works to stop the leak and make the property safe.
- I can see from the claim file, that Mr O had made UKI aware he was obtaining estimates. UKI has raised concerns about the estimates being addressed to a dissolved company.
- Mr O has explained that this is his old company and he has retained the email address as he still uses it for things such as handling Miss W's affairs.

- I can see the estimate has been sent to an email address that appears to be the name of a company. But I can also see it clearly sets out its for Miss W's address, and Mr O's name is clearly displayed at the bottom. So, I think Mr O's explanation here is reasonable. While I understand why it might have prompted UKI to ask questions, I don't think is sufficient to say the claim was fraudulent.
- Typically, an insurance policy won't cover the fixing of the leak, and from reviewing the policy documents provided by UKI, I've not seen anything that persuades me it would have been. So it's unlikely the plumber's costs would've been claimable under the policy anyway.
- Considering everything available, I'm not persuaded Mr O sending across the invoice was an attempt to exaggerate the claim, And, as our investigator has also pointed out, I don't think it has a bearing on whether there was a justified escape of water claim on the policy.
- Having considered everything, I don't think UKI have acted fairly in invalidating the claim or avoiding the policy.

Service

- There were issues with UKI receiving and correctly logging the POA across its systems. But while I can see there have been issues with the service provided by UKI, Mr O has handled matters without Miss W's involvement. So, I think she has most likely been shielded from any direct detriment.
- While I can understand the frustration Mr O has experienced, he isn't an eligible complainant in his own right. So, I won't be awarding compensation for the impact caused to him personally.

For these reasons, I uphold this complaint.

Putting things right

To put things right UKI should:

- Reinstate Miss W's policy and reconsider the claim in line with the remaining terms and conditions of the policy.
- Remove any record of Miss W's policy being cancelled/voided from its internal records.
- Remove any negative information about Miss W's claim from external databases.

My final decision

My final decision is that uphold Miss W's complaint.

I direct U K Insurance Limited (trading as Direct Line) to do as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 16 June 2022.

Michael Baronti
Ombudsman