

The complaint

Mr R is complaining that Liverpool Victoria Insurance Company Limited (LV) has refused to meet a claim he made for storm damage to his property, and has treated his claim as fraudulent, with all the negative impact that could have for him going forwards.

What happened

I'm not going to go into all the background to this complaint as both parties know the detail of what's happened. In summary:

In May 2020 Mr R made a claim for storm damage he said had occurred in early February the same year. He claimed for both damage to his home and some damage to the contents from a leak which he believes was a direct result of the storm. LV accepted his claims for consideration.

LV sent someone out to look at the damage, and based on what it received, decided it wouldn't meet Mr R's buildings claim – and didn't think it needed to consider the contents claim. Furthermore it said it thought Mr R had claimed for damage that had existed from before he bought his policy with LV in 2018 – and so he must have known this existed when he made the claim. It said it was treating the claim as a deliberate misrepresentation (that is fraud) and cancelled his policy back to the date of the claim.

Mr R was very upset by this but not able to prove to LV's satisfaction that he'd done any repairs since 2015. But he says he has done work on the property, and his claim isn't fraudulent.

When he complained, LV didn't change its stance, so he asked this service to look at his complaint.

Our investigator didn't think LV had acted fairly. She thought it was reasonable for LV to decline the claim itself – but didn't think it had provided enough evidence to say the claim was fraudulent. So she thought LV should reverse any actions it had taken with regards to a fraudulent claim. She also thought LV should meet the contents claim.

LV didn't agree, so I was asked to decide the complaint.

I issued my provisional findings in January. In that I said that, although I agreed in the main with our investigator's recommendations, I didn't think LV need do as much as she suggested to put things right.

This is a summary of my findings:

When LV agreed to consider Mr R's claim for storm damage, it sent a contractor to look at the damage. After considering the report, it said it wasn't going to meet the buildings claim – and that it need not consider the contents claim at all.

Deliberate misrepresentation

LV based that decision on the suggestion that Mr R had claimed for long standing damage, which it thought had existed from before Mr R bought his policy from LV in 2018. LV said Mr R must have known the damage existed before he claimed. So it said the claim as deliberate misrepresentation (that is fraud) and cancelled his policy back to the date of the claim.

The reports from the contractor relied on photos taken after the claim and some from external sources taken in 2012 and 2015. The report concluded that damage seen in earlier years would have worsened without repair over the intervening years.

I said I thought saying a claim as fraudulent was a very serious thing to do, as it has long lasting effects on the customer. So I thought LV must have substantial evidence before it reached that conclusion.

I didn't think LV could fairly rely on the reports to say the claim was fraudulent. I thought that because Mr R provided evidence that supported his assertion that he'd had work done since 2015, even if that hadn't prevented damage in 2020.

I could see in the photos Mr R provided that there was damage to the main roof in 2020 that wasn't there in either 2012 or 2015. There were no close photos that corresponded with the reported damage to the outbuilding roof, so no way of telling what might be old, or new, damage.

Mr R also provided a copy of an email from a builder who did work on the roof in 2015 saying the main roof and gutters were "ok" at that point. I also thought the photos of the outbuilding suggested Mr R had done work on that part of the building, as he said.

I concluded that I didn't think LV had taken all of the information into account before it decided the claim was fraudulent. So I didn't think it fair that it had recorded the claim this way and cancelled Mr R's policy.

The building and contents claims

I did think LV could fairly say it wasn't going to meet the claim for damage to the building, which was considered under the storm damage part of Mr R's policy. There were high winds and rain at the time Mr R said the damage occurred. But they weren't enough to damage a well maintained roof.

I thought the report LV had made some valid points about the majority of the internal damage (the contents claim) and how that could have been caused. Unlike our investigator, I didn't think LV need necessarily pay this claim – but I did think it should fully consider it, and ignore any exceptions in the policy referring to fraud when it did this.

Putting things right

I thought LV should:

- Remove any records of a fraudulent claim from any shared industry databases and reverse any other actions it's taken. That included re-instating the policy and noting in its internal records that the claim is no longer considered fraudulent.
- Pay Mr R £250 compensation for the distress LV caused.

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.

Mr R responded, providing in the main copies of information we've already considered. He's asked that the compensation be increased to reflect his worries and stress, although not given a figure.

LV asked initially for a copy of any new evidence we'd relied upon. Once it considered that, it agreed to remove the fraud markers and re-instate Mr R's policy – although that will by now have expired naturally. But it will no longer show as cancelled.

LV said that if it was to consider the contents claim then it wanted to be able to utilise the fraud exceptions in Mr R's policy if it thought they applied.

Finally it said that as Mr R hadn't provided the email from his builder until the complaint came to us, it shouldn't have to pay any compensation. It said that was because the response from the builder was very quick – so Mr R could have provided that information much earlier.

I'm pleased that LV has decided to remove the fraud conclusion and subsequent actions as I thought that was fair. So I'm not going to say more about that.

I don't agree that LV can reconsider fraud with regards to the contents claim. I can't see that the circumstances surrounding that claim are any different from the buildings claim. I've already considered those factors and come to the decision that LV couldn't rely on the information it collected to safely conclude the claim was fraudulent. LV has agreed with that having seen all the information. I see no reason why LV would need to revisit this issue.

Having said that, I'm not saying LV need meet the contents claim, only consider it. Mr R could withdraw that claim if he so wished – although it will still show on his records going forwards. If LV does consider the claim and Mr R isn't happy with the result, then he may be able to bring a separate complaint to the Ombudsman Service in due course. I can't say if any review of such a complaint would succeed or fail.

Turning to the compensation, I still think £250 is an appropriate amount. Whilst I accept the information from the builder was provided late in the process, LV did have other information (like the photos) it could have used to reach the same conclusion it's now agreed. So I do think LV caused Mr R unnecessary distress and inconvenience.

I can understand why Mr R thinks LV should pay more. But as I said above, some of the information was only provided after he brought his complaint to us – and LV had given him an opportunity to provide that before it reached its conclusions about fraud. I'm not going to ask LV to pay more than I recommended.

Putting things right

To put things right LV should:

- Remove fraud markers from shared industry databases and re-instate Mr R's policy.
- Note its internal records that the buildings claim is not considered fraudulent.
- Consider the contents claim excluding the exceptions regarding fraud.

- Pay Mr R £250 compensation for the way it handled the claim.

My final decision

My decision is that I uphold this complaint and require LV to take the actions outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 18 March 2022.

Susan Peters
Ombudsman