

The complaint

Mr J complains Admiral Insurance (Gibraltar) Limited unfairly refused a claim and cancelled his home insurance policy.

What happened

In February 2021 Mr J made a claim on his Admiral home insurance policy for two lost rings. He reported that his wife, Mrs J, lost them on the way to a pre-booked maintenance appointment with a jeweller. In May 2021 Admiral declined the claim and cancelled the cover from the date of the claim. It said it was relying on a fraud term in the policy to do so.

Admiral said Mr J had failed to alleviate its concerns over discrepancies in the circumstances of the claim. Essentially it felt there hadn't really been a loss and there wasn't really an appointment with the jeweller.

In June 2021 Admiral responded to a complaint from Mr J. It apologised and paid £25 compensation for initially set the claim up against Mr J's mother's policy. It didn't accept it had provided poor customer service.

Admiral said its decision to decline the claim and cancel Mr J's policy for fraud was correct. It provided an additional reason for feeling the loss to be fabricated. It said the jeweller had confirmed a post-loss valuation, commissioned by Mr or Mrs J, had been made with the rings present. Mr J wasn't satisfied, so came to this service. He says he's suffered emotionally by being accused of acting fraudulently. He wants the claim to be reconsidered.

In June 2022 our investigator said he didn't think Admiral's decision to rely on the fraud term to refuse the claim and cancel the policy was reasonable. So he recommended it remove any fraud markers, reconsider Mr J's claim and pay him £200 compensation. Admiral didn't accept the assessment, so the complaint was 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.

As this is an informal service I'm not going to address or detail here every piece of information or evidence provided by Mr J and Admiral. Instead I've focused on what I consider the most significant and pertinent. But I'd like to reassure both that I've considered everything provided.

Mr J's policy terms allow Admiral to refuse a claim and cancel the cover if he or another insured person (including his spouse) provides false, exaggerated or misleading information. Fraud is a serious accusation that can have a significant impact beyond the decline of an insurance claim. So for me to feel it's fair for Admiral to rely on the fraud term I'd expect it to have reasonable evidence to support its position.

Admiral's given three or four key reasons for the position it's taken. I can understand why it's had concerns about the claim and why it's asked questions about the circumstances. There's been some inconsistencies. Some aspects have lacked clarity, particularly Mrs J's arrangements with the jeweller.

I accept it was unclear if there was an appointment with the jeweller. But the proprietor at the jeweller has since explained the situation. He said the appointment was made on an informal basis with no record. Admiral also highlighted a failure to report the loss to the police, despite Mr J having been advised to. I note he's given different explanations for that. But as far as I'm aware a police report has now been made.

Admiral stated that in its call with the jeweller, the proprietor '*...confirmed he was in-sight of the rings...*' on the day he provided the post-loss valuation. It's pointed to this as further evidence the claim wasn't genuine. But having listened to the call I don't think it's reasonable to say the jeweller 'confirmed' he was in-sight of the rings.

Instead he's unsure throughout the call, explaining his records aren't at the standard of a retailer. Ultimately, he couldn't recall for certain if he did or didn't have the items in possession. He '*suspected*', based on the absence of the words '*post-loss*' on the valuations, that he had sight of the rings.

As I've said, I understand why Admiral had some concerns about the claim. But considering the above, particularly the jeweller only 'suspecting' rather than 'confirming', I'm not persuaded Admiral has shown it's fair for it to rely on the fraud term. To be clear, I'm not saying here that it needs to pay the claim. Instead I'm finding it can't rely on the fraud term to cancel the policy and decline the claim. So it will need to reinstate the cover (and remove any fraud markers or records of it cancelling the policy) and consider the claim against the remaining terms of the policy.

In the claim decline letter Admiral referred to an endorsement in the policy. It requires an annual inspection on any specified item of jewellery. I haven't considered here if Admiral can fairly apply it to decline any aspect of the claim. That's because it seems to have been given as an additional decline reason without full consideration or fair opportunity for Mr J to respond to. In addition, based on an email from the jeweller, Mr J may be able to provide evidence of inspections.

It does seem likely Mr J's experienced some distress because of the unfair reliance on the fraud term. So I agree with the investigator that compensation should be paid in recognition. His recommendation of £200 seems fair to me.

My final decision

For the reasons given above, Admiral Insurance (Gibraltar) Limited will need to reinstate Mr J's policy and consider the claim against the remaining terms. It should also remove any fraud markers and record of it having cancelled the cover and pay Mr J £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 19 December 2022.

Daniel Martin
Ombudsman