

The complaint

Ms T is unhappy with WDP Insurance Limited because it declined her claim.

What happened

The circumstances of this complaint aren't in dispute, so I'll summarise the main points:

- Ms T held a mobile phone insurance policy underwritten by WDP.
- She got in touch with WDP to make a claim after her phone was stolen in 2022.
- WDP declined the claim and cancelled the policy. It said two phone numbers Ms T owned were linked to policies that had previously had claims declined for fraud.
- Ms T said she only owned one of the numbers WDP had mentioned. She'd had that number since 2018, when she bought it in a branch of a well-known phone shop. She'd made a claim in 2021, which had been accepted and settled by the insurer. WDP was referring to previous fraudulent activity, but she'd never been informed she had been accused of fraud and didn't know what it might refer to.
- Our investigator didn't think WDP had acted fairly. He said it hadn't shown enough evidence to support its position and should reconsider the claim.
- WDP said it was shocked by our findings. It reiterated that it thought the phone numbers had been linked to policies that had been cancelled, and claims that had been declined, due to fraud.
- Our investigator said WDP hadn't provided any evidence to support what it was saying – or that Ms T had acted fraudulently. WDP didn't provide any further evidence but did ask for an Ombudsman review.

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.

- The policy says if WDP finds a claim to be fraudulent, it will decline the claim and cancel the policy.
- Whilst I note the wording of the policy gives WDP the right to take action if it finds a claim to be fraudulent, I'm not persuaded it would be fair for to do so unless it can reasonably show a policyholder has acted fraudulently.
- Accusing somebody of acting fraudulently is a serious matter and can have significant consequences. As a result, I would usually expect to see persuasive

evidence that the person has acted dishonestly in order to gain something they're not entitled to. It's for WDP to provide such evidence.

- In summary, WDP says it cancelled the policy and declined the claim because phone numbers it associates with Ms T have been the subject of previous fraudulent claims.
- Whilst Ms T accepts she has owned one of those numbers since 2018, she doesn't accept that she's been involved in any fraudulent activity or had links to such.
- WDP hasn't provided any evidence to show the numbers are linked to fraudulent activity. Or, even if they were, that Ms T was personally involved in that activity.
- So WDP is effectively asking me to accept at face value that a link between the number and previous fraud exists. Even if I accepted such a link exists, which I don't, the policy wording requires *the claim* to be fraudulent. But WDP hasn't argued that Ms T has acted fraudulently in relation to her claim – only that her number is linked to previous fraudulent activity, possibly by others. So I'm not satisfied WDP has shown that Ms T's claim is fraudulent or that she has acted fraudulently at any time.
- Without any evidence to support its position, I'm not persuaded WDP has acted fairly.
- To put things right, WDP should reconsider the claim according to the remaining terms and conditions of the policy. And, in line with our usual approach, it should remove any internal or external fraud markers it may have made about Ms T.

My final decision

I uphold this complaint. I require WDP Insurance Limited to:

- Reconsider the claim according to the remaining terms and conditions of the policy.
- Remove any internal or external fraud markers it may have made about Ms T.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 11 January 2023.

James Neville
Ombudsman