

## **The complaint**

Mrs P has complained about Admiral Insurance (Gibraltar) Limited's decision to decline a claim she and Mr P made under their home insurance policy they made following a burglary.

## **What happened**

In November 2021 Mrs P made a claim to Admiral following a burglary at their home.

Admiral accepted the claim.

In June 2022 Admiral raised concerns about additional items Mrs P claimed for to the jewellery agent. Mrs P provided an explanation in response. Admiral wasn't satisfied with the response and due to its concerns, it made the decision to avoid the policy, applying its fraud exclusion.

Admiral said it didn't dispute that a burglary had occurred. But it said Mrs P's account of when and how she reported the additional stolen items to the police was inconsistent. So it believed Mrs P had exaggerated her claim for financial gain.

Mrs P complained to Admiral, but it said its decision was correct. So Mrs P asked us to look at her complaint.

Our Investigator recommended the complaint should be upheld. She thought it reasonable that Mrs P wouldn't have listed all of the stolen items at the outset. While she understood Admiral's concerns, she could see Mrs P had raised a complaint with the police about it not recording the additional items she said she'd reported to them.

The Investigator didn't find there was enough evidence for Admiral to decide Mrs P's actions were fraudulent and so she didn't find its decision to avoid the policy and decline the claim was reasonable.

The Investigator recommended Admiral pay the claim in full in line with the remaining policy terms and add 8% simple interest from the date of the repudiation letter to the date that the payment is made. She also recommended Admiral remove the cancellation from all relevant records and return any cancellation fees if applicable.

Mrs P accepted the Investigator's view. Admiral didn't agree. It says Mrs P uploaded a claim to the jeweller portal site including additional items. When Admiral asked if Mrs P had reported the additional items to the police, she said she had by email. But when asked to provide evidence of the email, Mrs P said she uploaded the information to the police portal. When Admiral tried to upload attachments to the police portal, it wasn't possible to perform this function - and on checking with the police, they confirmed attaching documents isn't possible under the police portal.

It provided a copy of an email Mrs P sent to a police officer about her claim, but this didn't have any attachments to it to support Mrs P's account that she had reported the additional items to the police.

Due to the inconsistency in the information provided by Mrs P, Admiral says its decision was reasonable.

Admiral wants an ombudsman to decide.

In March 2023 Mrs P said Admiral didn't avoid the policy and they have been able to renew their home insurance policy with Admiral in November 2022.

We asked Admiral about this. It says it is waiting our decision before applying a fraud marker and avoiding the policy - as Mrs P told it she would lose her job if it took this action.

So as things stand, Admiral has continued to provide cover for Mr and Mrs P since the renewal of this policy in November 2022.

### **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.

Admiral can avoid a policy and refuse a claim if it believes a condition of the policy has been breached. In this case, Admiral say, based on the evidence it has, it's likely Mr and Mrs P did breach the fraud condition of the policy. I've checked the terms and conditions of the policy in relation to this, and they say:

#### *"Fraud and misrepresentation*

*You must always answer our questions honestly and provide true and accurate information. If you, any other insured*

*person, or anyone acting on your behalf, provides:*

- false, incomplete, exaggerated or misleading information, or*
- false, altered, forged or stolen documents,*

*we will do one or more of the following things.*

- Change your policy to show the correct information, and change the premium accordingly*

*. Cancel your policy immediately*

- Declare your policy void*
- Refuse to pay any claim or only pay part of a claim*
- Keep the premium you have paid*
- Recover any costs from you or any other insured person*
- Cancel or void any other EUI policies you are connected with"*

Admiral says it believes Mrs P exaggerated her claim. It says she submitted a claim to the jewellery agent which included several additional items which she hasn't been able to evidence she reported to the police.

So, Admiral says it intends to avoid Mr and Mrs P's policy and not meet her claim in line with the policy terms.

I've looked at the information Admiral has relied on and whether its decision is fair.

Mrs P submitted a claim for an additional ten items of jewellery to the jewellery agent - outside of the items Admiral said Mrs P had reported to the police as stolen.

It asked Mrs P to provide her account as to why this was. In response, Mrs P said she had reported the additional items to the police and provided photos of the additional items.

However, when asked to provide evidence of doing so, Mrs P was able to provide an email to a police officer, but this didn't attach evidence of reporting additional items.

Mrs P then told Admiral she had uploaded the documents separately to the police portal when reporting the additional stolen items. But Admiral found the police portal didn't have the facility to do this - and it checked this with the police who confirmed this wasn't an option.

As Admiral wasn't satisfied with the information provided by Mrs P, Admiral said it would avoid the policy and backdate this to 20 January 2021 as it considered this to be *"the date of the fraudulent act"*.

On 7 July 2022, in response to Mr and Mrs P's complaint, Admiral didn't specify the terms of the policy it had applied when reaching its decision. And Mrs P told us their policy had continued - and not been avoided. So we asked Admiral to clarify.

Admiral said that it hadn't in fact avoided the policy because it was awaiting our decision. It said Mrs P told it she would lose her job if it avoided the policy and applied a fraud marker.

However, as explained to Admiral, Mrs P raised this concern with Admiral before it replied to her complaint. And Mrs P asked us to look at her complaint two months after Admiral issued its final response. So I cannot see how Admiral's actions - or inaction in doing what it said it would do - was put on hold because of the possibility that Mrs P might bring her complaint to us.

As explained to Admiral, when an insurer decides to avoid a policy and apply a fraud marker, it must make this clear to the customer - due to the consequences of this action on the customer's ability to buy insurance in the future.

Admiral hasn't been clear. It has allowed the policy to continue - this happened for two months after it issued its decision which said it would avoid the policy. I think it is confusing to not follow up on its actions for the reason it has given - that it was awaiting our decision - when it wasn't known if Mrs P would bring her complaint to us. Had Mrs P not contacted us, it seems the policy would have continued without a fraud marker being applied and with the decision to reject the claim. This isn't in line with what Admiral told Mr and Mrs P.

I understand Mrs P raised a complaint with the police and she has provided us with correspondence about that.

There isn't evidence to show that Mrs P reported the additional items to the police in line with what Mrs P says happened.

However, the threshold to decide a fraudulent act occurred is high - and I don't think the information is enough to show Mrs P committed a fraudulent act as Admiral quoted in its repudiation letter dated 1 July 2022. (This letter is undated when provided to the file - so this date may be different - it is the date Mrs P quoted in her response to it).

Admiral accepted the claim and it accepts that the burglary happened. From the jewellery agent's report they seemed satisfied from photos provided by Mr and Mrs P that the claim for additional items was valid - but that they weren't included in the original list.

I understand there are some inconsistencies as to what was or wasn't reported to the police in respect of the additional items. But I don't think Admiral's handling of the claim by applying a fraud exclusion is fair in this case. It isn't unusual for further stolen items to be discovered after the initial review. It can take some time to discover additional items after the shock and disturbance of a burglary. Mrs P explained that she didn't realise a smart device had been stolen until she returned to her office in the home to work as the device was previously located behind a curtain. I think this explanation is reasonable. I don't think there is enough evidence to show that because some items aren't evidenced as being reported to the police after the initial claim, that Mrs P has acted fraudulently.

So I'm upholding this complaint in line with the Investigator's recommendations which I've set out below.

### **My final decision**

My final decision is that I uphold this complaint. I require Admiral Insurance Company (Gibraltar) Limited to meet Mr and Mrs P's theft claim in full under the remaining terms and conditions of the policy.

If paying a cash settlement, Admiral should add interest at a rate of 8% simple interest a year from the date of the repudiation letter to the date of settlement.

Admiral should ensure no marker for fraud or record of a cancellation is recorded.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 19 July 2023.

Geraldine Newbold  
**Ombudsman**