

The complaint

Mr K complains that Great Lakes Insurance SE rejected a claim on his mobile phone insurance policy.

Where I refer to Great Lakes, this includes its agents and claims handlers acting on its behalf.

What happened

Mr K made a claim on his policy after his mobile phone was stolen. Great Lakes asked him to provide evidence in support of his claim, including proof of his identity and proof that his phone had been blocked by the network provider.

After considering the evidence Mr K provided, Great Lakes rejected the claim, saying “...we can only consider this a deliberate attempt to defraud your policy by attempting to make a claim on a device by providing fabricated documentation. Therefore, your policy has been cancelled with immediate effect under the following policy term:

Fraud...”

Mr K complained but Great Lakes didn't change its decision. It said:

- The 'proof of blacklisting document' Mr K provided had been modified.
- It had asked him to provide the email thread from his network provider with the original pdf document attached but he had never provided that.
- He was asked to provide dual ID (a photo of him holding his photo identification). He uploaded a photo of someone else holding his driving licence. He later uploaded several photos of himself holding his driving licence and passport.

When Mr K referred his complaint to this Service, our investigator thought it should be upheld. She said:

- Although Mr K initially provided a photo of someone else holding his driving licence he later provided a photo with himself, so he had provided the proof of identity Great Lakes required.
- There wasn't sufficient evidence that the letter from the network provider was not genuine, and Mr K later provided a further letter from the network provider, in the same format, which Great Lakes didn't comment on.

The investigator asked Great Lakes to reinstate the policy (removing the cancellation from any databases), deal with the claim in line with the policy terms and pay compensation of £100 to Mr K for the distress and inconvenience caused to him.

Mr K accepted the investigator's view but Great Lakes didn't. It said Mr K had provided misleading information by providing a photo of someone else holding his ID, and it was irrelevant that he later provided the correct ID as the act of fraud had already been committed.

The investigator considered Great Lake's comments but didn't change her view.

Great Lakes still disagrees and has requested an ombudsman's decision. It says it hasn't gone down the route of flagging for 'fraud' specifically; the main basis for declining the claim is that Mr K provided misleading information as outlined in the policy terms, which falls under the category of fraud.

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 relevant industry rules and guidance say insurers must deal with claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress; and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.

The policy provides cover for, amongst other things, theft of Mr K's mobile phone. So, if he can prove his phone was stolen, then on the face of it he has a valid claim. But as with any insurance policy, there are some conditions and exclusions that apply. In this case, that includes providing proof of ownership of the phone; evidence of what happened when the phone was stolen; and proof that the phone has been blocked by the network provider.

Great Lakes says it hasn't flagged the case for fraud specifically. But when it declined the claim it told Mr K this was because it considered he had made a deliberate attempt to defraud his policy and it was relying on the fraud term in the policy. That term says

Fraud

The contract between You and Us is based on mutual trust. However, if anyone named on Your Policy Schedule or anyone acting for You provides false information or documentation or withholds important information to obtain cover under Your Policy for which You do not qualify, or to obtain cover at a reduced premium, then:

- *Your Policy may be void; and*
- *We may be entitled to recover from You the amount of any claim already paid under Your Policy; and*
- *We will not return any premium paid; and*
- *We will inform the Police and criminal proceedings may follow.*

In addition, in the event that anyone named on Your Policy Schedule or anyone acting for You:

- 1. Makes a claim knowing this to be false or fraudulently exaggerated in any respect or to any degree; or*
- 2. Makes a statement in support of a claim knowing the statement to be false in any respect; or*
- 3. Submits a document in support of a claim knowing the document to be forged, amended or false in any respect; or*
- 4. Makes a claim in respect of any loss or damage caused by Your/their wilful act, knowledge or connivance; or*
- 5. Acts in any other manner in order to gain a financial advantage to which You would not otherwise be entitled;*

Then We

- *Will not pay any part of the claim; and*
- *Will, at Our option, cancel Your Policy; and*
- *Will not return any premium paid; and*

- *Will inform the Police and criminal proceedings may follow.*

Great Lakes relied on two points – first, that Mr K had provided a document from his network provider that had been modified; and second, that he uploaded a photo of someone else holding his driving licence.

On the first point, as our investigator pointed out, Mr K provided a second letter (dated 15 November 2022) from the provider and Great Lakes hasn't commented on that. Mr K has provided a copy of an email from his network provider of that date and an email he sent to Great Lakes forwarding the email from the provider. He says he Great Lakes replied on 18 November confirming receipt. And Great Lakes' file notes are consistent with this; they include a note on that date which says *"email thread on file – looks ok and docs verified."*

Taking all of this into account I don't think Great Lakes can fairly rely on this as evidence of fraud or of an attempt to knowingly provide misleading information.

That leaves the issue of the photo ID. Mr K says he asked his friend to help and the friend showed him what to do, but they mistakenly uploaded the friend's photo. I've listened to the call where he explained to Great Lakes what happened. He was asked to upload the correct photo, which he then did.

The purpose of this process is simply to provide proof of identity and once the correct photo was uploaded, Great Lakes had that. Mr K has explained what happened and that it was an error.

Great Lakes says it wasn't accusing Mr K of fraud, but that he provided misleading information, which falls within its 'fraud' clause in the policy. However, when declining the claim Great Lakes said this was due to a *"deliberate attempt to defraud your policy"*. Either way, it's a serious allegation and the onus is on Great Lakes to prove that Mr K knowingly provided false information. For the reasons set out above I don't consider it has done so. So it isn't fair to decline his claim and cancel the policy.

It was very upsetting for Mr K not only to have his claim declined, but to be accused of fraudulent behaviour and have his policy cancelled. I agree a payment of £100 is fair to recognise the upset caused to him and the inconvenience he has suffered.

My final decision

I uphold the complaint and direct Great Lakes Insurance SE to

- reinstate the policy (removing any record of the cancellation from internal and external databases);
- reconsider the claim in line with the remaining policy terms; and
- pay compensation of £100 to Mr K.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 27 October 2023.

Peter Whiteley
Ombudsman