

The complaint

Miss S complain about how Lloyds Bank General Insurance Limited (Lloyds) dealt with a claim under her home insurance policy for the loss of personal items following a burglary.

Lloyds use agents to administer the policy and to assess claims. References to Lloyds include these agents.

Miss S was supported by a representative when bringing her complaint. Refences to Miss S in this decision include her representative.

This decision covers Miss S's complaint about Lloyds, as the insurer of her home insurance policy. It doesn't cover the loss of her car when it was stolen, which wouldn't be covered under her home insurance policy (it would have been covered under a separate, motor insurance policy).

What happened

In June 2022 Miss S's property was burgled. A neighbour was witness, called the police, and Miss S was woken by a police officer as the front door had been forced open by the burglars. Miss S reported the incident to Lloyds, saying her handbag had been taken which contained cash and her car keys. The handbag was later found outside the property and her car was stolen (it wasn't recovered).

While Miss S initially reported the theft of the handbag and the car to Lloyds, she engaged a loss adjuster (HB) who (in November 2022) compiled an inventory of items she said had also been taken in the burglary. The inventory comprised 149 items with a total value of just under £293,000. Given the size and value of the inventory, Lloyds appointed Large Loss (LL) and Special Investigations (SI) Personal Claim Consultants to investigate the claim. LL visited Miss S to assess the circumstances of the loss.

LL said Miss S told them the burglars had taken items from various rooms. Miss S also said the burglars had disconnected the wires to the alarm system hub in the property, and CCTV and video footage from the system had been lost/deleted. In a separate statement provided to SI, Miss S said she'd checked the CCTV footage, the following day or so later, but there was no footage. SI contacted the supplier of the alarm system, who advised images were saved remotely for 30 days before being deleted (even if wires were disconnected). For the footage to have been deleted, within the 30 day period, Lloyds thought it would have had to be deleted manually from the app on Miss S's phone.

Lloyds also reviewed the police crime report, which included details from the witness who called the police at the time of the burglary, seeing the burglars enter the property and leave shortly after, taking Miss S's car. The police also confirmed to Lloyds they weren't aware of the number of items Miss S subsequently said were taken in the burglary. And the person subsequently convicted (being charged for the theft of Miss S's car) was known to them for operating in a small group carrying out car thefts. So, the police thought it unlikely other items to the extent claimed by Miss S would have been taken.

The police also confirmed they received a call from the witness and attended Miss S's property seven minutes later (when the burglars had already left). Given the timeline, Lloyds concluded it unlikely the burglars could have entered the property, disabled the alarm system, located and taken the items Miss S claimed to have lost within that period. And the witness made no mention of the burglars taking items to the vehicles (one of their own and Miss S's).

From these investigation findings, Lloyds wrote to Miss S in November 2023 expressing concerns about the claim and her version of events, inviting her response. Miss S challenged Lloyds concerns, maintaining she was the victim of the theft of her items. She also said the items were contained in two large boxes in a room at the property (rather than in different rooms).

Lloyds rejected Miss S's challenge in December 2023, confirming their decline of Miss S's claim in full, based on the concerns expressed about the claim in their letter in November 2023. They also confirmed they would cancel her policy, in accordance with the policy's fraud conditions, for fraud exaggeration. The cancellation took effect from June 2022, the date Miss S lodged her claim.

Unhappy at Lloyds' decision to decline her claim and cancel her policy, Miss S complained. But Lloyds didn't uphold the complaint. In their final response (January 2024) they said they wouldn't change their decision. They'd asked Miss S to provide evidence to alleviate their concerns about her claim, but they didn't think she'd provided sufficient evidence. Their decision had also been subject to technical review at different levels, given the impact their decision would have on Miss S. They concluded the claim had been exaggerated to benefit from an insurance settlement.

Miss S then complained to this Service. She maintained her view she'd been burgled and lost personal items, and Lloyds had declined her claim even though the burglar had been convicted and sentenced in court. She said she'd lost her personal possessions, and the decline of her claim meant a significant financial impact and affected her wellbeing. Lloyds had also falsely accused her of deleting evidence from her alarm system. She wanted Lloyds to accept and settle her claim.

Our investigator didn't uphold the complaint, concluding Lloyds acted in line with the policy terms and conditions and didn't need to take any action. At Lloyds's request, she'd provided a list of items stolen in November 2022, totalling £293,000. As Miss S initially claimed for the theft of a handbag containing cash and her car keys, it was reasonable for Lloyds to investigate the claim. The police were only aware of the loss of the items initially claimed for and reported at the time of the burglary.

The investigator also thought it reasonable for Lloyds to challenge the later-claimed loss of so many items given the short time the burglars were in the property, according to the police and witness statement, while also disabling the security cameras and locating documents containing receipts for the items. And it was reasonable for Lloyds to question the change in Miss S's version of events about the theft of the items, as well as to question the burglars discarding a valuable handbag outside the property, given what the police said they knew about the burglars operating to steal vehicles. It was also reasonable for Lloyds to question the veracity of what Miss S said about the deletion of CCTV and video evidence from the alarm system.

Taking all these points together, the investigator concluded Lloyds had acted fairly to apply the policy fraud term to decline the claim and cancel Miss S's policy.

Miss S disagreed with the investigator's view and requested that an ombudsman review the complaint. She felt Lloyds should have contacted the police to gain a full understanding of what had happened. She maintained her view the burglars had taken her possessions. She also thought the investigator should have contacted the police and the neighbour who was a witness to the incident.

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.

My role here is to decide whether Lloyds have acted fairly towards Miss S.

The key issue in the complaint is whether Lloyds acted fairly in concluding Miss S had breached the policy fraud condition, leading them to decline her claim and cancel her policy. Miss S says they acted unfairly in doing so, maintaining her possessions were taken in the burglary. Lloyds say the results of their investigation provide sufficient evidence to support their conclusion Miss S exaggerated her claim and so they acted in line with the policy terms and conditions when invoking the policy fraud condition.

Having considered carefully all the information and evidence in this case, from Miss S and From Lloyds, I've concluded Lloyds have acted fairly towards Miss S in declining her claim and cancelling her policy. I know this will be disappointing to Miss S, so I'll set out the reasons for reaching this conclusion.

Given its importance in Lloyds' decision to decline the claim and cancel the policy, I've first referred to the fraud condition cited by Lloyds for their decision. In their letter of December 2023 declining the claim and cancelling the policy, Lloyds refer to the following statements:

"Fraud

We rely on you, and anyone acting for you, being honest with us. We won't pay a claim if:

- *It is fraudulent.*
- *It is exaggerated.*

We'll also:

- *Cancel your policy from the date it happened, and we won't refund any of your premium.*
- *Recover any payments we have made after the fraud, or as part of any fraudulent or exaggerated claim.*

We may also tell the police and other authorities."

These statements are a reasonable summary of the full wording in the policy document, under a heading of *Fraud*.

I've then considered the evidence and information relevant to the case and the differing versions of what happened (and the loss involved) from Miss S and Lloyds, the latter including the results of the investigation they carried out into Miss S's claim.

I've then considered the sequence of events set out above. Given the circumstances of the incident, the initial notification of loss referring only to the theft of a handbag, cash and car keys before the inventory subsequently provided by Miss S through HB, I think it was

reasonable for Lloyds to investigate the claim in more depth, appointing LL and SI investigators.

Turning to the investigations, I can see LL met Miss S and as a result had several concerns about the inventory of loss items; lack of proof of ownership (Miss S says the burglars located the file containing receipts from a cupboard); the circumstances in which footage from the alarm system was deleted (or otherwise unavailable); and the timescale in which the incident was said to have occurred. Given these concerns, I think it reasonable to have appointed SI to further investigate.

As part of SI's investigation, I can see they contacted the police to obtain a copy of their report. This (and subsequent enquiries of the police) confirmed the timescale of events and what the witness said they observed about the burglars entering and then leaving the property within a short period (not making multiple trips). I've also noted what the police said about their knowledge of the burglars, that they were known to operate as car thieves, and a person being charged for the theft of Miss S's vehicle. And the police were not made aware by Miss S about the theft of the items in the inventory.

I can also see SI contacted the supplier of the alarm system, following Miss S saying all images from the system had been lost and deleted from their account. And SI visited the supplier office to understand the way the alarm system worked. This indicates the images from the system would be stored remotely for 30 days and could only have been deleted within that period independently through a mobile phone app. Images up to the hub being disconnected would have been stored remotely. SI also established the only images missing were from the time of the incident.

Based on their investigation, SI concluded Miss S falsely misrepresented the claim, fraudulently exaggerating the items stolen (the 149 items totalling £293,000). Lloyds raise concerns about the claim in August 2023 and then subsequently in November 2023. This gave Miss S the opportunity to respond to their concerns and for Lloyds to consider her response and make further enquiries (including with the police) about the incident. So, I've concluded Lloyds acted reasonably towards Miss S in their investigation of the claim.

As I've said earlier, my role here is to decide whether Lloyds acted fairly and reasonably towards Miss S in their decline of her claim and cancelling her policy. Based on the events set out earlier and the points and conclusions I've reached above, then I've concluded they acted fairly and reasonably in declining Miss S's claim and cancelling her policy from the date of the incident (and retaining the policy premiums). So I won't be asking them to do anything further.

My final decision

For the reasons set out above, it's my final decision not to uphold Miss S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 4 October 2024.

Paul King
Ombudsman