

The complaint

Mr H complains that HDI Global Specialty SE (“HDI”) declined his claim and cancelled his home insurance policy following a claim for storm damage.

This complaint involves the actions of agents for whom HDI is responsible. Any reference to HDI includes its agents.

What happened

During a named storm in November 2023, high winds caused Mr H’s chimney to break off and fall through his roof, into his son’s bedroom. Fortunately, nobody was hurt, but Mr H’s home was badly damaged. Mr H contacted HDI to claim on his home insurance policy. Mr H arranged emergency repairs and HDI sent a loss adjuster to review the damage.

The loss adjuster asked Mr H to submit invoices for the emergency repairs, and to obtain two independent estimates from companies who could repair the roof. Mr H sent in some invoices. And, the following day, he submitted another invoice and the two estimates.

HDI didn’t think the claim would cost as much as the estimates said. It revised down the amount and was about to cash settle the claim when it identified an inconsistency in one of the documents Mr H had submitted. HDI investigated further and became concerned that Mr H had forged several of the documents. HDI interviewed Mr H to discuss its concerns. Mr H denied creating the documents. At around the same time, Mr H complained about the progress of the claim and a lack of support. HDI didn’t uphold the complaint. It thought it had handled the claim professionally and was entitled to investigate its concerns.

Mr H later wrote to HDI to update his position. He admitted that he’d created the documents but denied doing so for financial gain. HDI considered this but it wasn’t persuaded. It thought Mr H had tried to commit fraud. So, it declined the claim and cancelled the policy.

Mr H complained again and provided further comments. HDI didn’t uphold the complaint. It said it had considered Mr H’s comments but still thought he had tried to commit fraud. It said that this had breached the fraud condition in Mr H’s policy, and it didn’t change its stance. Mr H didn’t think this was fair, so he referred the matter to the Financial Ombudsman.

Our investigator looked into the complaint but didn’t think it should be upheld. He thought HDI had reasonably concluded that Mr H had breached the fraud condition of his policy. And he thought HDI had handled the claim fairly overall.

Mr H didn’t agree. So, the complaint has been passed to me to make a final decision.

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.

I’ve only summarised the background of the complaint. This isn’t intended as a discourtesy. It reflects the informal nature of our service. I want to reassure Mr H and HDI that I’ve

thoroughly considered all the comments and evidence they've provided. Having done so, I'm not upholding the complaint for broadly the same reasons as our investigator. I'll explain why, focusing on the points and evidence I consider material to my decision. If I don't refer to a particular point or piece of evidence, it's not because I haven't thought about it. Rather, I don't consider it changes the outcome of the complaint.

Fraud is a very serious matter with significant consequences for a policyholder accused of it by an insurer. As such, our service expects an insurer to support an accusation of fraud with strong evidence. There are two parts to fraud. The first is being dishonest. The second is doing so to obtain an undue financial gain. Under the Insurance Act 2015, an insurer can decline a fraudulent claim, require the policyholder to pay back money paid out for the claim, cancel the policy, and keep the premium. HDI's policy terms support this. The fraud condition that HDI says has been breached says the following:

"We will not pay for any claim which is found to be fraudulent and/or exaggerated by you and/or any person acting for you.

If you and/or any person acting for you:

- deliberately cause any injury or damage;
- make an untrue, inaccurate or misleading statement – verbal or written;
- knowingly provide inaccurate or misleading information;
- knowingly provide a false, forged, amended or exaggerated document, estimate or invoice.

Then we:

- may not pay the current claim;
- may not pay for any future claims;
- may cancel the policy from the date of the claim;
- may cancel the policy from the date of the fraud;
- may recover the cost of a previously paid claim from you;
- may inform the police and/or other financial services organisations."

In addition, if one part of a claim is found to be exaggerated, the law says an insurer can decline the claim in full – even any parts of the claim that are genuine.

It isn't for me to decide whether Mr H committed fraud. Only a court can decide that. I've had to decide whether HDI fairly and reasonably concluded that fraud has most likely occurred – i.e. that Mr H has been dishonest in order to make an undue financial gain.

HDI's accusations centre on an invoice for emergency works and estimates for roof repairs.

The invoice for emergency works

Mr H submitted an invoice for emergency works from a company I'll call "D". HDI believes Mr H forged this invoice, inflated the cost, and didn't tell the truth about it when confronted. HDI believes Mr H did this to try to make HDI pay out more than the works had cost.

D carried out emergency works at Mr H's home on or around 14 and 15 November 2023. HDI has shown that Mr H created the invoice himself on 17 November, the day after he met with HDI's loss adjuster. Mr H made the document look as though D had provided it. HDI spoke to D during its investigation and D confirmed that they weren't aware of this invoice and hadn't given Mr H permission to create it.

The invoice stated that D had charged £978 for the work. But Mr H's bank statements show that he only paid £515 to D on 16 November. As Mr H created the invoice the following day, HDI believes that Mr H would have known how much the work had cost because he'd paid this the day before. Mr H then confirmed in his interview with HDI that he did not create the invoice, that D had charged him £978 for emergency work carried out on 14 and 15 November, that Mr H had paid this, and that this was the amount Mr H was claiming for. So, I'm satisfied Mr H provided a forged document and was dishonest about it.

After the fraud interview, Mr H wrote to HDI to update his position. He said about the invoice:

"I was under the impression an invoice was required. As [D] have no computer processing option normally quoting verbally or by text. I generated an estimated cost of £978 (24hrs @ £40/hr + contingency) to get the process underway."

HDI didn't find this persuasive and neither do I. Mr H agreed that an invoice was required, but this would have needed to reflect the true cost of the work. Mr H says he created it as an estimate, but he didn't need to estimate the cost because he'd paid £515 to D the day before. And, while D may or may not provide written quotes, D are able to provide written invoices. I say this because Mr H provided a written invoice from D for work in December. D also told HDI that to the best of their knowledge they did provide Mr H with an invoice for £515. But, even if Mr H had not received this at the time, this does not explain why he created one himself for a higher amount and did not tell HDI.

Mr H said he thought more work might be required, i.e. "contingency" and so he factored this into his invoice. He's shown that he paid D a further £280 for additional emergency work later. But, at the time he submitted the invoice to HDI, the amount was inflated. Even accounting for the extra £280, the amount was still inflated.

Mr H later said it would have been helpful if he'd labelled the document as an estimate. He apologised for any confusion. But Mr H submitted two other documents at the same time. Those were labelled as estimates, whereas this was labelled as an invoice and referred to as an invoice in Mr H's covering email. Mr H also told HDI "I want to get these settled ASAP pls" when talking about invoices. So, I can understand why HDI believes Mr H was trying to have it pay an exaggerated amount.

Mr H has said HDI's accusation is illogical because he provided his bank statements and a spreadsheet breaking down his costs, so he couldn't have been trying to deceive. But Mr H only provided these after HDI raised concerns about the claim. HDI was very close to settling the claim in November, which would have included the forged invoice. And when HDI interviewed Mr H in December, he denied his involvement. HDI says this indicates Mr H knew what he did was wrong, and I agree. I'm not convinced that Mr H would have corrected the amount or brought it to HDI's attention if HDI hadn't asked for more evidence.

With all this in mind, HDI has demonstrated that Mr H created a forged invoice and was dishonest about it. HDI has also persuaded me that Mr H most likely did this to try to make an undue financial gain, even if this was discovered before the claim was paid. This means HDI has shown that part of Mr H's claim was exaggerated, and I therefore find it fair and reasonable that HDI considered the claim, as a whole, to be fraudulent – and in breach of his policy's fraud condition.

Estimates for roof repairs

HDI believes that Mr H forged the estimates he supplied for the roof repair works, in an attempt to have HDI pay out more than it was liable for.

The first estimate was from a company I'll call "O". O had previously visited Mr H's home around nine months before the storm. O had provided an estimate for a new roof – totalling £50,400. HDI has shown that Mr H manipulated this estimate and made it look as though O had visited after the storm to quote for the repairs. Mr H changed the date, removed and adjusted some of the works and increased the price to £56,400. But he didn't change the VAT – which prompted HDI to investigate. O has confirmed that the estimate was created without their knowledge or consent.

Mr H didn't tell the truth about the origin of this quote in his interview with HDI. But, when he revised his position, he said:

"As a second quote was required and from memory [O] had quoted for a new roof in February 2023. I thought this would be a useful benchmark quote for budgeting purposes and changed it to accommodate the extra joinery work required for the trusses. I thought I was helping establish budget costs. I never advocated using any of the suppliers suggested, although I knew [D] to be competitive. I understood the decision on who to use was with [the loss adjuster] and [HDI]."

I've considered this, but I don't find it persuasive. If Mr H was intending to provide O's estimate as a useful benchmark, it would have needed to be a genuine quote. Or, Mr H would have needed to inform HDI that it was only a benchmark. Instead, Mr H led HDI to believe that the estimate represented a genuine, professional opinion on the scope and cost of the required work.

In addition, Mr H increased O's estimate by £6,000 and claimed that this was to accommodate for the joinery work. But he has provided an invoice from the firm who went on to do this work. This included supplying and fitting roof timbers, fascia, guttering, wall plates and fixings. The invoice for this work shows it only cost £2,000. So, I can understand why HDI believes that this estimate was dishonestly and deliberately inflated.

Mr H also provided two estimates from D – one for £46,000 and one with more detail for £46,200. HDI has shown that Mr H created these estimates as well. HDI also confirmed with D that Mr H had created the estimates without D's knowledge or consent. Mr H also did not tell the truth about this during his interview. When Mr H revised his position, he said:

"As [D] have no computer processing option, I generated an estimate of what the cost could be to enable a budget cost. £46,000 / £46,200 which [D] agreed was sufficient for all the repairs front and rear roof. There is storm damage to the front of the roof and the recommendation the front be reroofed."

This poses two questions for me. First, did D support Mr H's estimate of £46,000? And second, as all the estimates Mr H submitted included a new roof, front and back, did a professional recommend to Mr H that both sides needed to be replaced due to the storm?

On the first question, Mr H provided texts with D to show that D supported the estimate. The texts show that Mr H sent D a photo of his estimate and captioned it with, "This would be the agree[d] upon signing. The photo is too blurry for me to see the exact figures, but I note there are line items missing compared to the estimate Mr H submitted to HDI. I also can't see when this conversation took place, so I can't be sure it took place before Mr H submitted the forged estimates.

Even so, the screenshot doesn't show me that D thought the work would cost £46,000. D did not produce the estimate and did not send it to Mr H. D also did not respond to confirm their acceptance of it, they only responded to a further message about the work being delayed. HDI also confirmed with D that D did not tell Mr H that the works would cost £46,000. So, on balance, I don't think D supported Mr H's estimate.

On the second question, I haven't seen any evidence to show that a professional told Mr H that both sides of the roof needed to be replaced due to the storm. The report from HDI's loss adjuster said the front only suffered minor damage. They wrote:

"Our surveyor has allowed £800 for the front of the roof to refit the displaced slates, however, your Insured does not accept this and believes the slates all need to be removed and replaced – he has agreed for his roofer to send over a report once the scaffolding is erected and we can re-evaluate."

Yet, all the estimates Mr H submitted included renewing the front of the roof, at considerable cost. Mr H later said he didn't think a whole new roof was required. But he hasn't shown why his falsified estimates included this within the scope of works.

The crux of the matter, to me, is that if HDI hadn't validated the estimates, the claim would have been paid based on the scope of works and estimated costs that Mr H had chosen himself. Mr H has not been able to demonstrate that his estimates were genuine, competitive, or justified. Crucially, according to the invoices Mr H went on to submit for the main roof repair works, the total cost was less than £10,000. Whereas the forged estimates he submitted were four to five times more expensive than this. I appreciate Mr H may not have known what work would be required and how much this would cost. But this is why he needed to obtain independent and competitive quotes.

Given the above, I don't think it was unreasonable for HDI to have concluded that Mr H submitted the forged estimates dishonestly, and that he most likely did so to have HDI pay beyond its liability.

I want to reassure Mr H that I've considered all the explanations he's given, even if I haven't mentioned them all here. I recognise that he would have been under significant stress. I acknowledge the strain his family was under and how desperate he was to have them safely back and his home rebuilt. But HDI has provided overwhelming evidence to support its conclusions. HDI only needs to persuade me that one aspect of the claim is exaggerated. And, for the reasons above, it has done so. Therefore, I find that HDI was entitled to invoke the fraud condition and take the actions that it has. I will not interfere.

Service

Mr H has raised several concerns about the way HDI handled the claim. I won't list them all, but I want to reassure Mr H that I've considered them carefully.

In summary, Mr H feels that HDI failed to support him in the days after the damage. He says he expected help much sooner, an assigned case handler and a clearer process. He says there were lots of companies involved which he found confusing. He also found the fraud investigation and interview to be inflammatory and unhelpful. He didn't think HDI dealt with his complaints as it should. And he was unhappy that HDI didn't settle all his alternative accommodation costs when it said it would.

Overall, I'm satisfied that HDI progressed the claim as I would expect. Mr H learned about the damage late on 13 November. HDI's loss adjuster attended on 16 November. I appreciate those initial days would have been stressful.

Mr H has said other providers would have responded sooner. But it's standard industry practice for a home insurer to validate a claim before committing to any costs. Home insurers won't always be able to respond right away, especially in the aftermath of a named storm. HDI also don't underwrite Mr H's home emergency cover. I don't find three days to be

an unreasonable delay for HDI's loss adjuster to attend. HDI's call notes also indicate that it told Mr H that its loss adjusters try to attend within three days, and they did.

I've read the email the loss adjuster sent to Mr H shortly after the visit. He clearly set out the next steps, provided a reference number and invited Mr H to get in touch with any questions. Mr H's response was positive and complimentary. He didn't raise any issues or concerns.

Mr H went on to provide the forged documents the following day. The loss adjuster produced their report on 21 November and recommended that the claim be cash settled. However, on 24 November, HDI became concerned with the estimate from O and appointed a company to investigate and consider whether Mr H had committed or attempted to commit fraud.

I appreciate Mr H may have found this confusing, worrying, and frustrating. But HDI's investigations were justified. It was entitled to validate the claim and it did so reasonably by interviewing Mr H, requesting further evidence and giving Mr H opportunities to tell the truth.

HDI logged Mr H's complaint about the progress of the claim on 30 November and sent a written acknowledgment on 4 December, reassuring Mr H that the complaint was being looked into. HDI then sent its response within the eight-week timeframe afforded to it by the regulator. I'm satisfied HDI handled this fairly and reasonably overall.

Regarding alternative accommodation, I appreciate it would have been disappointing for Mr H's family to stay in alternative accommodation at HDI's suggestion, only for HDI not to pay all the costs. But I've already explained why I'm satisfied that HDI was entitled to decline the claim in full. Further, if HDI had paid those costs, it would have been entitled to recover this money from Mr H.

Having considered all of Mr H's concerns, including his comments to HDI and to our investigator, I'm satisfied that HDI dealt with the claim and with the complaints fairly and reasonably.

I appreciate Mr H is likely to find my decision disappointing. But I do not require HDI to do anything further in respect of this matter.

My final decision

I don't uphold Mr H's complaint. I make no award against HDI Global Specialty SE.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 February 2025.

Chris Woolaway
Ombudsman