

The complaint

Ms H and Mr Y complain about Zurich Insurance PLC (“Zurich”) and the decision to void their insurance policy following the claim they made on their home insurance policy.

Ms H and Mr Y are represented by a third party, who I’ll refer to as “C”. As Ms H acted as the main representative during the claim process, I will refer to any comments made or actions taken by either C or Mr Y as “Ms H” throughout the decision where appropriate.

What happened

The claim and complaint circumstances are well known to both parties. So, I don’t intend to list these chronologically in detail. But to summarise, in late January 2023 Ms H contacted Zurich, the underwriter of her home insurance policy, through her broker to make a claim following damage to her ensuite bathroom.

Zurich instructed a loss adjustor, who I’ll refer to as “D”, to validate the claim. D provided an interim report in May 2023 expressing concerns about the claim, believing it to be falsely exaggerated. Zurich investigated the claim further in house and in October 2023, they notified Ms H of their intention to decline the claim and void the policy with no refund of the premiums paid.

C challenged this on Ms H’s behalf, also raising a complaint about this decision. Zurich considered this challenge, alongside the supporting evidence C provided, but maintained their decision, voiding the policy back to the date the claim was made, in February 2024. But they offered a compensatory amount of £200, in October 2023, to recognise delays during the claim process. Ms H was unhappy with this response, so she referred her complaint to us.

Our investigator looked into the complaint and, over the course of two outcomes, explained why they didn’t think Zurich needed to do anything more. They explained why they thought Zurich had acted fairly when voiding the policy based on the evidence and information available to them. And they explained why they felt the £200 compensatory offer was a fair one to recognise the delays in reaching this decision.

Ms H didn’t agree, with C providing extensive comments and information explaining why. These included, and are not limited to, their belief that Ms H’s witness statement had not been fairly considered. They reaffirmed Ms H arranged the repairs before making the claim to Zurich on the advice of her broker. And they set out Ms H’s unhappiness with the conduct of D during the investigation process.

C set out how the voidance had impacted Ms H, including the impact it had on a second claim made in July 2023, while the first claim this decision considers was being investigated. So, because of all the above, they maintained the voidance should be removed, policy be re-instated and the claim be paid. As Ms H didn’t agree, the complaint has been passed to me for a 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.

Having done so, I won't be directing Zurich to do anything more than they have already to resolve the complaint. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on Ms H and Mr Y. I want to reassure them I've considered all of the comments and information they have put forward, even if I haven't spoken to them specifically due to the informal nature of our service. I recognise the claim decline, and policy voidance, has had a significant impact on them financially and this is something I've considered at length when reaching my decision.

But for me to say Zurich should do something differently, for example reinstate the policy and pay the claim, I first need to be satisfied Zurich have done something wrong. So, in this situation I'd need to be satisfied they failed to act in line with the policy terms and conditions when taking the action they did. Or, if I think they did act within these, that they acted unfairly in some other way when reaching their eventual decision. While I appreciate this will come as a disappointment, I don't think that's the case here and I'll explain why.

I've read through the policy terms and conditions at length. These explain, under the fraud heading in *"How we deal with your claim"* that *"If you or anyone acting for you knowingly makes a fraudulent or exaggerated claim under your policy"* then Zurich may take the following action:

- *"Avoid the policy from the date of the fraudulent act;*
- *"Not pay any fraudulent claims;*
- *"Shall not return any premium paid by you for the policy".*

These actions fall in line with the actions an insurer such as Zurich can take as set out in the Insurance Act 2015. So, I've considered the information and evidence available to Zurich at the time they made their decision to think about whether I think they were fair to reach the conclusion that Ms H and Mr Y falsely exaggerated their claim. To be clear, our service does not determine whether we believe fraud or exaggeration of a claim has been committed.

And for an act to be deemed as fraudulent or falsely exaggerated, I would need to be satisfied Zurich were fair to decide that Ms H and Mr Y knowingly acted in a way which increased the amount she could claim for, to more than she was entitled to. And Zurich only needs to establish there has been exaggeration on one component of a claim, for them to reject the claim in its entirety.

I note Zurich laid out several inconsistencies they felt showed the claim to have been falsely exaggerated. I won't comment on them all individually. Instead, I will focus on the inconsistencies I have found to be the most persuasive.

I've seen the claim Ms H submitted to Zurich through her broker. This included an invoice for the contractor who completed the repair work to her bathroom, which I note was completed more than a week before she made her claim.

In this invoice, it includes an amount for just under £1,000 for a replacement mirrored

cabinet which I've seen Ms H confirm in her own testimony was damaged due to the accident that led to the claim. And in a video meeting with D held on 8 February 2023, Ms H confirmed this mirrored cabinet had been replaced.

But on a site visit held in May 2023, it was discovered that the mirrored cabinet still in the ensuite bathroom had the same damage initially reported. And at this point, Ms H confirmed the mirrored cabinet hadn't been replaced, due to a lack of product availability.

Due to this, Zurich in their own investigations sought clarification on whether Ms H had, or hadn't, paid for this mirrored cabinet to be replaced, considering it was included in the invoice. And Zurich gave Ms H the opportunity to show proof of payment, so this could be considered.

But following this request, Ms H was unable to show proof of payment at all, explaining her contractor had been paid in cash, some by funds withdrawn by a family friend, who were unable to provide statements to show a withdrawal taking place.

So, without any substantiating evidence, I'm satisfied Zurich were fair to deem Ms H's claim to be falsely exaggerated, as she had submitted a claim including an invoice containing the amount charged to replace the cabinet, when this cabinet had not been replaced at all. And she was unable to evidence exactly what she had paid, so this could be corroborated against the invoice, considering there were further concerns expressed by both D and Zurich during their investigation about the tap and drawer unit.

I recognise Ms H has submitted testimony explaining why this inconsistency occurred. And that she had not realised the claim she submitted was exaggerated, and dishonest. But when our service considers acts of dishonesty, we consider this against the standards of an ordinary reasonable person. In this situation, I think an ordinary reasonable person would have known they were submitting an invoice that included costs for work that had not been completed, considering the works were completed and the invoice issued before the claim was even put to the insurer. Even more so when several interviews were held to validate and substantiate the claim.

Further to the above, Ms H explained to Zurich that she arranged for the repair work to be completed prior to making the claim on the advice of her broker. But I've listened to a call recording of a conversation between Zurich and her broker, where her broker explains he was made aware of the claim for the first time after the date of the invoice from her contractor. And I note Ms H made a previous claim with another insurer just over a year prior where she was unable to recover the total amount she paid as she had again completed the repair work before registering the claim. So, I'm satisfied Ms H ought to have been aware of the need to contact her insurer and allow the claim to be validated, before repairs were completed. And I do think Zurich were fair to consider this when making their claim decision here.

I also note Ms H's version of events surrounding whether there was or wasn't water in the bath at the time of the incident changed across different interviews. So, I do think Zurich were fair to consider all the above and have concerns about the testimony Ms H put forward.

So, when considering the above alongside the other inconsistencies Zurich laid out in the avoidance reasoning, I'm satisfied the conclusion they reached was a fair one, based on the information available to them. As I'm satisfied Zurich were fair to deem the claim to have been falsely exaggerated, it follows that they were entitled to void the policy back to the date Ms H made her claim, decline the claim and keep the premiums she paid. So, I won't be

asking them to take any further action regarding this aspect of the complaint.

I've then turned to Ms H's other concerns I feel need to be commented on. I recognise Ms H has concerns about the conduct of D during their investigation, which Zurich have accepted they didn't investigate as part of the complaint, although they accept it was raised to them. So, I've thought about whether I'm persuaded that D acted unfairly. And in this situation, that isn't the case.

While I don't doubt it would have felt uncomfortable for Ms H to have undergone the line of questioning she did, I'm satisfied the questions D asked were reasonable and relevant with an intent to validate the claim, which ultimately I think Zurich were fair to deem as falsely exaggerated. So, I'm not directing Zurich to do anything more for this point.

But crucially, I note it's accepted by Zurich that there were delays during the claim process. I've reviewed the claim timeline and accompanying evidence and I do think there was a delay in Zurich and D arranging the site visit. So, I've then turned to what I think Zurich should do to put things right to recognise the above, alongside Zurich's acceptance that they could've been more proactive in their communication.

Putting things right

When thinking about what Zurich should do to put things right, any award or direction I make is intended to place Ms H and Mr Y back in the position they would have been in, had Zurich acted fairly in the first place.

In this situation, Zurich would've ensured D's site visit was completed in a timelier manner. I've seen this was initially booked for March, but due to illness Zurich rearranged this to April, a delay of around two months. But I note Ms H herself then cancelled this April visit, with another being arranged for May which went ahead. So, I do think part of the delay was outside of Zurich's control.

And even if this visit had gone ahead earlier, I'm not persuaded Ms H's claim would have been settled before she had caused to raise her second claim, in July 2023. This is because Zurich had a right to validate the claim and I can see they required further information from Ms H, including proof of payment, which were requested after D's involvement, after the inconsistencies around what work actually had been completed was identified.

As her first claim would have still been awaiting validation, I think she would always have been left in a position where the second claim was paused to await the outcome of the first claim. So, I've taken this into consideration when deciding what Zurich should do to put things right.

And as I think the outcome of the first claim was a fair one, as outlined above, I think Ms H would always have been left in a situation where her policy was voided and so, not in force for the second claim she made. So, I think she would have most likely always incurred the costs for the second claim without any valid insurance policy to claim on to recoup these.

I also note there was a delay in Zurich communicating their final voidance decision, after initially providing their intention in October 2023. But when considering the impact this had on Ms H, as I've already set out above, I think she would have always been left without cover for her second claim. And I note it was C who was chasing Zurich for updates on her behalf after October 2023 and so, I think this limited the inconvenience on Ms H and Mr Y.

I note Zurich have already offered to pay Ms H and Mr Y £200 compensation to recognise the delays earlier in the claim process, and a lack of proactive communication. In their

response where this offer was put forward, they requested Ms H's bank details to arrange payment and I've seen no evidence to show this was received. So, I've made my decision on the assumption this payment hasn't yet been made.

Having considered this offer alongside the impact I've already laid out above, I'm satisfied it's a fair one that falls in line with our services approach and what I would've directed, had it not already been put forward. So, as this payment hasn't yet been made, this is one I'm now directing Zurich to pay.

My final decision

For the reasons outlined above, I uphold Ms H and Mr Y's complaint about Zurich Insurance Plc and I direct them to take the following action:

- Pay Ms H and Mr Y the £200 compensation originally offered in October 2023, if it hasn't already been paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H and Mr Y to accept or reject my decision before 15 April 2025.

Josh Haskey
Ombudsman