

## **The complaint**

Ms T complained that Lloyds Bank General Insurance Limited declined her claim and cancelled her policy due to fraud.

## **What happened**

In January 2024 Ms T suffered storm damage to her property. Ms T raised a claim with Lloyds. She advised them the storm had blown over two mature large trees which had caused a lot of damage to her garden. Ms T enquired about her external side doors which she said had been blown off and was told that these aren't covered by the policy. Ms T also enquired about her garage door which she said had been blown open and was advised that the cause of the damage would need to be reviewed.

Lloyds sent a surveyor to Ms T's property and made a cash settlement offer. Ms T didn't accept the offer as she didn't think it was enough. Lloyds reviewed the claim further and felt there were some discrepancies. They thought the garage door had been broken before the storm and Ms T had exaggerated her claim for betterment. As a result, Lloyds declined Ms T's claim and cancelled her policy due to fraud. Ms T was unhappy and raised a complaint but Lloyds didn't change their outcome. Ms T had also raised complaints about the service provided including delays to the claim. These complaints had been upheld and Lloyds had paid Ms T £400 compensation.

Ms T brought her complaint to this service. Our investigator didn't uphold Ms T's complaint. They didn't think Lloyds had acted unreasonably when declining the claim and thought the compensation offered was fair for the service provided. Ms T appealed. She said that she'd only told the truth and nothing about the claim was fraudulent. As no agreement could be reached, the complaint has been passed to me to make a final decision.

Because I disagreed with our investigator's view, I issued a provisional decision in this case. This allowed both Lloyds and Ms T a chance to provide further information or evidence and/or to comment on my thinking before I made my final decision.

## **What I provisionally decided – and why**

I initially issued a provisional decision on this complaint as my findings were different from that of our investigator. In my provisional decision, I said:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Based on what I've seen so far, I intend to uphold Ms T's complaint. I've explained my reasoning below.*

*At the outset I acknowledge that I've summarised her complaint in far less detail than Ms T has, and in my own words. I'm not going to respond to every single point made. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. The rules that govern the Financial Ombudsman Service allow me to do this as it's an*

*informal dispute resolution service. If there's something I've not mentioned, it isn't because I've overlooked it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach an outcome in line with my statutory remit.*

*When considering complaints such as this, I need to consider the relevant law, rules and industry guidelines. The relevant rules, set up by the Financial Conduct Authority, say that an insurer must deal with a claim promptly and fairly, and not unreasonably decline it. So, I've thought about whether Lloyds acted in line with these requirements when it declined to settle Ms T's claim.*

*As explained by our investigator, it's not this service's role to decide whether a claim has been exaggerated or fraudulently presented, that's a matter for the courts. When considering complaints like this, our role is to determine whether the insurer's decision is reasonable based on the available evidence. To do so, it's important to consider the terms and conditions of the policy. Lloyds have relied on the following term when declining the claim:*

*"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.*
- Untrue information has knowingly been given to us to get cover or a lower price.*

*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."*

*As there are several elements to Lloyds' accusations of fraud, I've addressed each of these separately below.*

#### *Garage door*

*Lloyds believe the garage door was damaged prior to the storm in January 2024. Lloyds sent a contractor to assess the door and they deemed that the damage to the door couldn't have been caused by a storm if the door was closed. The report also commented on rust on the inside of the door where some of the mechanisms are and this typically occurs to old doors over time. The damage report was a desktop assessment based on photo's taken by a local contractor. Ms T has also had a garage expert visit her property. Whilst this expert declined to comment specifically on the damage to Ms T's door, as they weren't able to fully inspect it, they did advise that they've seen many cases of garage doors being blown through, blown open and blown out of their running guides by storms.*

*Lloyds have also commented on a brick being present in front of the garage door both after the storm but also in an image on google from 2022. They also claim the door was in the same position.*

*Ms T has stated that the garage door wasn't the main part of her claim and it was only mentioned as she was asked what other damage occurred during the storm. She's also said that the garage door isn't part of her claim.*

*I've listened to the original claim call and Ms T didn't bring the garage door up as the main damage caused by the storm. But she did enquire whether garage doors were covered.*

*Ms T was informed that they'd need to check whether the storm was the main cause of damage.*

*Whilst at this stage it isn't clear exactly what caused the damage to the garage door, I'm not persuaded that Lloyds has shown that Ms T acted dishonestly about the garage door when making her claim. I don't think a brick being in front of the door is enough to suggest the garage door has been damaged for over 12 months and I don't think the door is in the same position in the two images provided.*

*As Ms T is no longer looking for the damage to the garage door to be considered under the claim, no further action is required in relation to the garage door under the claim.*

#### *Garden damage – Patio, fire pit and water feature*

*Lloyds has said that there is no evidence of a patio, fire pit or water feature in Ms T's Garden. All three of these features were near to the two large mature trees in her garden. It hasn't been disputed by Lloyds that these trees were blown over in a storm. These two trees had very large roots that covered a very large area. The size of damage is clear in the photos. A large part of the garden has been destroyed.*

*Having reviewed the photos provided, I can see what is left of the patio which Ms T has mentioned.*

*Ms T has provided us with a historic photo of a water feature she had in her garden. Lloyds have said that there is no evidence in the garden of the water feature or any power cables in the garden. This doesn't mean that it wasn't there. There hasn't been any work done in the garden and the large trees which have been pushed back upright could be concealing evidence. The trees also damaged Ms T's fence and there were high winds. A pond liner if displaced could have been blown elsewhere. Ms T also has photos of her neighbour's contractors in her garden doing work on a fence. It could have also been picked up and disposed of. Ms T has stated that the water feature was solar powered. There would be no need for power cables in her garden.*

*In relation to the firepit, I accept that Ms T hasn't got a photo of her completed fire pit, but this doesn't mean that the fire pit didn't exist. Ms T has said this was made out of stone and was the same material as small walls she also had in her garden. Ms T has sent us several photos of these walls prior to the storm, but I can't see large pieces of these walls post storm. These walls haven't been disputed by Lloyds. However, there is a lot of debris around the garden which is the same material used for both the walls and firepit. There is also a large semi-circular segment of debris, which could have been part of the firepit.*

*Based on what I've seen, I'm not persuaded that Lloyds has shown that Ms T has acted dishonestly about the patio, fire pit and water feature when she made her claim.*

#### *Garden swing chair and umbrella*

*Lloyds has said that these items were most likely damaged during a previous storm. This is based on their historic claim records from 2018. They've also said there is no evidence that either item was permanently fixed to the patio.*

*Whilst there is a claim record from 2018 about a garden chair, there is very little information on the claim. Ms T has said that this claim was for a different chair which she no longer has due to the damage. Ms T has also sent photos of the swing chair which she's said were from after the claim in 2018. Looking at these photos, the chair looks to be in good condition which I wouldn't expect if it was damaged in 2018. I've not been provided with any evidence*

*by Lloyds which confirms the chair being claimed for in 2018 is the same chair as being claimed for now.*

*As I've already stated above, the tree roots have caused considerable damage and moved a lot of earth. I appreciate that Lloyds has said that there is no evidence that the swing chair and umbrella were fixed to the patio, but this doesn't mean that they weren't. Whilst a surveyor has been to the property, there hasn't been any work and the large trees, which have been pushed back upright, could be concealing evidence. Under the policy, garden items need to be permanently fixed to the ground to be covered. For there to be a successful claim on the policy, the onus would be on Ms T to show that this was the case. Whether the swing chair is covered would need to be reviewed further. Ms T has stated that only the umbrella base was fixed to the patio. As such, the umbrella isn't covered under the policy terms.*

*Based on what I've seen, I'm not persuaded that Lloyds has shown that Ms T has acted dishonestly about the swing chair and umbrella when she made her claim.*

*Having considered the evidence available to me, I'm not persuaded that Lloyds has shown that Ms T acted dishonestly when she made her claim. So I don't think it was fair for it to invoke the fraud condition.*

*On reviewing the delays and service which Lloyds have accepted, I think the £400 compensation is fair and reasonable based on the circumstances. However, I think further compensation is warranted for declining the claim.*

*I think Lloyds' allegation that Ms T acted fraudulently and its decision to cancel her policy has caused her unnecessary distress and inconvenience. Ms T has also lost the use of her garden. I think Ms T has been caused considerable distress, upset and worry which has taken a lot of extra effort to sort out over several months. In line with our website guidelines, I think an additional £600 compensation is fair and reasonable.*

*In summary, based on the above, I'm likely to ask Lloyds to do the following to put things right:*

- Assess Ms T's claim further, in line with the policy terms and conditions*
- Change the record of cancellation from an insurer cancellation to a consumer cancellation*
- Remove any records of fraud from any internal and external databases where it might have been applied*
- Pay Ms T a further £600 compensation"*

*Both Lloyds and Ms T responded to my initial provisional decision and disagreed with parts of it. As result, I issued a further provisional decision which said:*

*"Based on what I've seen so far, I still intend to uphold Ms T's complaint. I've explained why in relation to the above points below. I've also set out how I intend to put things right. As per my initial provisional decision, I've set out the main contentious points.*

#### *Garage door*

*On reviewing Lloyds' response to this point, they haven't provided any new information. They've presented the same information as per their initial file. As such, and for the same reasons, my outcome remains the same. However, I will respond further to some of the points they've raised.*

*Lloyds have said that in the google maps image, the frame is rotten, and the door isn't closed properly. They've also said that a perfectly fitting garage wouldn't need a stone to keep it closed. Whilst I agree that the frame has a piece missing, this doesn't mean that the garage door can't have been blown open by the wind. I also don't agree that the garage door isn't closed in the google maps image. The image is head on, and I can't see into the garage or any gaps at the side which would suggest it's open. Whilst I accept there is a stone in front of the garage door, I'm not persuaded that this means the garage door is broken and fully reliant on the stone to remain in position.*

*Lloyds have said that their expert has said a storm couldn't have caused the damage to the door if the door was closed. As per my initial decision, Ms T had an expert of her own state they've seen many cases of garage doors being blown through, blown open and blown out of their running guides by storms. Whilst I'm not commenting on what caused the damage to Ms T's garage door or whether it would be claimable under the policy, I'm not persuaded that the garage door couldn't have been damaged by the storm or was damaged prior to the storm.*

*Lloyds also disagree that Ms T no longer wanting to include the garage door in the claim means that the fraud should be overlooked. I think Lloyds have misunderstood my rationale in my initial provisional decision. As set out, I'm not persuaded that Ms T has exaggerated her claim on the garage door. This is the reason why Lloyds can't rely on their fraud term to decline the claim. The fact that Ms T no longer wants to include the garage door in the claim, means that Lloyds don't need to take any further action in relation to assessing it further as part of the claim, not that it shouldn't be considered. Had I been persuaded that this part of the claim had been exaggerated, which I'm not, even if Ms T had wanted to withdraw it, I would have allowed Lloyds to continue to decline the full claim. However, as this isn't the case in this complaint, they can't.*

#### *Garden damage – Patio, fire pit and water feature*

*Lloyds have said that there is no evidence that the C had their garden landscaped with a patio, firepit and water feature. However, later in the same submission they contradict this by saying 'The photo below shows the last remains of the patio'.*

*Lloyds have also said that as per the policy contract, the customer needs to prove their loss to them. This is correct, the onus is on the consumer to show that an insured event has occurred.*

*In their closing statement, Lloyds set out that it was solely the damage to the garage door that they were disputing was exaggerated and using to invoke the fraud exclusion.*

*As this complaint was about the full claim being declined as a result of the fraud term and based on the above, it's not my role to set out what I think Lloyds should and shouldn't be paying for under this claim. As Lloyds aren't using these items to invoke the fraud clause, I don't need to comment on them further.*

#### *Garden swing and umbrella*

*Lloyds said that there wasn't any evidence the garden swing wasn't permanently attached to the ground to be covered by the claim. As per the above section, Lloyds aren't using these items to invoke the fraud clause. It isn't my role in this complaint to decide what Lloyds need to cover under the claim. As such, I won't be commenting further.*

#### *Ms T's points*

*Ms T has said that due to the cancellation marker, she wasn't able to get further insurance on her property and as a result she's suffered a further loss. Having to declare an insurance cancellation can have a significant impact on a consumer. In a call with our investigator, Ms T said she felt it was up to Lloyds to cover her for their actions, she also said she didn't have the time to find a new policy. However, the responsibility is on Ms T to mitigate any potential losses. I've not seen any evidence to show or suggest that Ms T wasn't able to get a new insurance policy following the cancellation by Lloyds. As such, I don't think it's fair for Lloyds to cover the cost of any damage that occurred after 12 May 2024, the date her policy was due to end.*

*I've considered Ms T's points around the amount of compensation. However, having done so, I still believe the amount I've awarded in my provisional decision is fair in the circumstances for the same reasons.*

*As I've already set out before, my role here has been to look into the claim being declined and the policy cancellation. As Lloyds will be assessing the claim further, should Ms T be unhappy with any claim settlement offer, she would need to raise this as a new complaint. However, I appreciate Ms T's circumstances, so I intend to ask Lloyds to make an interim payment on the claim to enable her to start remedial work.*

*Ms T has asked why the policy isn't being reinstated and wants a refund of the premiums she paid from January to May 2024. The policy can't be reinstated as it would have lapsed in May 2024. I would expect Lloyds to cover any claims up until the date the policy was due to lapse. However, Ms T hasn't raised any. As I'll be asking Lloyds to make an interim payment, no refund of premiums would be due.*

*Based on the above, I intend to direct Lloyds to do the following to put things right:*

- *Assess Ms T's claim further, in line with the policy terms and conditions*
- *Change the record of cancellation from an insurer cancellation to a consumer cancellation*
- *Remove any records of fraud from any internal and external databases where it might have been applied*
- *Pay Ms T a further £600 compensation*
- *Pay Ms T an interim claim payment of £5,955. This is based on the cost of two Leyland Spruce trees (£3,500) and the cost to remove tree roots (£2,455) that were agreed by Lloyds and Ms T. When reassessing the claim, final settlement should be based on current market rates due to the time that has elapsed. So, if the cost of the two items included here have increased, Lloyds should pay Ms T the difference."*

I set out what I intended to direct Lloyds to do to put things right. And gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

## **Responses to my provisional decision**

Lloyds accepted my new provisional decision.

Ms T confirmed she didn't agree with my provisional decision. Whilst she agreed with aspects of it, she provided additional information to evidence she wasn't able to get an affordable policy due to the cancellation marker. She also raised that her policy renewed before it was cancelled by Lloyd's. Ms T also wanted me to reconsider asking Lloyd's to reassess the claim as she felt Lloyds should just pay what was previously offered.

## **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 asked both parties for some additional information following their responses. It has now been confirmed that Ms T's policy did renew prior to Lloyds cancelling it. As the policy was due to run until May 2025, and Ms T has found it financially difficult to get a new policy, I wrote to Lloyds and informed them I intended to ask them to reinstate the policy and asked them for their comments. Lloyds advised that due to system restrictions, they'd be unable to reinstate the policy, but they could set up a new policy. Whilst I appreciate that Lloyds may have system restrictions, they do need to put Ms T back in the position she would have been in had they not incorrectly cancelled the policy. So, Lloyds need to provide cover to Ms T based on the terms and cost of her renewal in May 2024. Lloyds will need to find a way for this to happen. Ms T will need to make up the premiums before any claims can be considered.

Whilst I appreciate how strongly Ms T feels about Lloyds paying the claim as opposed to reassessing it, this complaint has focused on the reasons for Lloyds cancelling her policy. I haven't reviewed any of the costs that were in dispute before Lloyds cancelled the policy and haven't been provided with the information to be able to do so. I appreciate Ms T is concerned with how long this process may take and Ms T has said she's now willing to accept the offer originally made to her. However, some of the items that were originally offered on a goodwill basis, Lloyds have raised concerns within this complaint. So, I still think it's fair for the claim to be reassessed, but Lloyds should treat this as a priority so that Ms T can begin work restoring her garden. If there are any delays or disputes with the claim amounts, Ms T would be able to bring them to this service as a new complaint.

Based on everything I've seen and for the reasons I've set out above, I uphold this complaint.

## **Putting things right**

Lloyds should do the following to put things right:

- Assess Ms T's claim further, in line with the policy terms and conditions.
  - o Lloyds should do this as a priority.
- Change any records of cancellation from an insurer cancellation to a consumer cancellation.
- Remove any records of fraud from any internal and external databases where it might have been applied.
- Pay Ms T a further £600 compensation.
- Pay Ms T an interim claim payment of £5,955. This is based on the cost of two Leyland Spruce trees (£3,500) and the cost to remove tree roots (£2,455) that were agreed by Lloyds and Ms T. When reassessing the claim, final settlement should be based on current market rates due to the time that has elapsed. So, if the cost of the two items included here have increased, Lloyds should pay Ms T the difference.
- Reinstate Ms T's policy from May 2024 to May 2025.
  - o If the policy can't be reinstated, set up a new policy which runs until 11 May 2025 but treat it as covering Ms T from 12 May 2024.
  - o Ms T will need to bring her premiums up to date before any claims can be considered.

**My final decision**

For the reasons I've explained above, I uphold this complaint and direct Lloyds Bank General Insurance Limited to put things right by doing as I've said above, if they haven't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 28 March 2025.

Anthony Mullins  
**Ombudsman**