

The complaint

Mr N and Mrs N complain about HDI Global Specialty SE (“HDI”) and their refusal to make further payments to settle the claim made on their home insurance policy. Mr N and Mrs N also complain about HDI’s decision to reserve their right to invoke the fraud condition contained within the policy.

Mr N has acted as the main representative during the claim and complaint process. So, for ease of reference, I will refer to any actions taken or comments made by either Mr N or Mrs N as “Mr N” 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 them chronologically in detail. But to summarise, Mr N held a home insurance policy underwritten by HDI when his home was damaged following an escape of water. Initially, he contacted his separate home emergency insurer to repair the leak itself but following this, he contacted HDI to make a claim for repairs to the damage this escape of water caused.

HDI used a managing agent to handle the claim on their behalf. As this agent was working on behalf of HDI, I will refer to any actions they took as if they were taken by HDI themselves.

In September 2022, Mr N accepted a cash settlement offer to settle his claim. But in December of the same year, he contacted HDI requesting further payment as new issues had presented themselves. A further payment of over £3,000 was paid in the summer of 2023. But Mr N maintained this wasn’t enough to complete the repairs to his home.

Mr N raised complaints about this and the delays he felt occurred during the claim at this time. And HDI provided more than one complaint response to these, including one in December 2023. But Mr N remained unhappy after this time.

Mr N continued to request a higher payment throughout 2024, and HDI instructed a new loss adjuster, who I’ll refer to as “W”, to reinvestigate the claim. And having done so, W concluded that the condition of Mr N’s property had deteriorated due to Mr N not using the initial settlement to complete the repair works. And they raised concerns about the costs Mr N was claiming for, explaining their concerns about their validity.

Mr N raised more complaints. Mr N’s concerns included, and were not limited to, HDI’s refusal to make further payments on the claim, their failure to place his family in alternative accommodation and HDI’s suggestion his claim had been made fraudulently.

HDI responded to Mr N’s complaint and didn’t uphold it in the main. They set out why they thought they had discharged their obligations as the insurer, believing the payments already made were adequate to return Mr N’s property to its pre-loss condition at the time the claim was made. They set out why they weren’t responsible for the repairs to electrics at Mr N’s property and crucially, set out why they reserved their right to invoke the fraud condition contained within Mr N’s policy, should it be maintained that further payments should be

made. So, they didn't think they needed to do anything more. Mr N remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and didn't uphold it. Both parties have had sight of this view, so I won't outline it in detail. But to summarise, our investigator thought HDI were fair to refuse further payments and also reserve the right to invoke the fraud condition, based on the evidence that had been provided. So, they didn't think HDI needed to do anything more.

Mr N didn't agree, providing extensive arguments setting out why. These included, and are not limited to, his continued assertion that HDI had failed to place him in alternative accommodation when he should have been. Mr N maintained the payments HDI initially made weren't sufficient to repair the damage in his property and he set out the suffering his family had endured because of this. Mr N also disputed HDI's fraud allegations, setting out why he felt it was unfair for HDI to reserve their rights regarding this. So, Mr N maintained HDI should place him in alternative accommodation, reimburse him for costs incurred and cover the repairs needed in his property to return it to a habitable condition.

Our investigator considered these arguments, but their view remained unchanged and so, 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'm not upholding the complaint for broadly the same reasons as the investigator. 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 a fair and reasonable outcome.

First, I want to set out clearly what I'm able to consider within this decision. I note Mr N received complaint responses from HDI in May 2022 and December 2023. Both these responses provided Mr N with his six-month referral limit to contact our service. Mr N didn't contact our service until September 2024 and so, any issues addressed within these responses fall outside of our services jurisdiction to consider. This includes the claim progression up to those dates, how and when the payments were made up to that date and the clarity of information Mr N was provided.

Instead, the scope of my decision will be limited to the actions HDI have taken from December 2023, up to their most recent complaint response in December 2024 and the complaint issues Mr N has raised during that time. And I want to make it clear that, while I have considered all the points Mr N has raised, my decision will focus on the issues I'm satisfied are pertinent to the decision I've reached, in line with our services informal approach. So, I may not comment on every issue or concern Mr N has put forward.

For ease of reading, and clarity, my decision will focus on Mr N's main arguments to HDI's most recent complaint response, and our investigators view. And I will separate these out, so my decision is easy to follow.

HDI's refusal to make further payments

Mr N has set out clearly why he feels he's provided valid estimates to show further work is required that will cost around £60,000 to complete. And I want to reassure Mr N I've had sight of these estimates to consider.

But I have also had sight of W's special investigations report, issued in December 2024. And within this report, W who I must make clear are the independent expert in this situation, make it clear their belief that the original payments HDI made to settle the claim before December 2023 were sufficient to repair the damage caused to Mr N's home by the original insured event, which was the escape of water. In line with our service's standard approach, which follows industry guidelines, we deem it reasonable for a business such as HDI to rely on the opinion provided by an expert such as W, unless there is persuasive evidence to suggest otherwise.

In this situation, I'm not persuaded there is conflicting evidence that ought to have led HDI to dispute, or not follow, the opinion of W. And I'll explain why,

The report outlines why the electrical work Mr N wants to be completed wasn't attributable to this insured event. So, I'm unable to say HDI have acted unfairly when refusing to cover the cost of this work. I've also seen evidence that satisfies me Mr N was made aware of this by HDI on several occasions through the claim journey where he was told he would need to arrange repairs of the electrics himself. And I've no evidence to suggest he has.

The report also makes it clear that the increased cost of the estimates Mr N has provided has been caused by Mr N's failure to use the original payments to complete the repairs they were costed for. Considering the original payments were intended to repair the damage caused by an escape of water, and I'm satisfied from W's report and Mr N's own testimony that these payments were used to pay for other costs, such as travel and coal/gas, I think it's plausible and reasonable for it to be suggested that Mr N's home and it's condition continued to deteriorate.

Considering the above, it wouldn't then be fair for me to say HDI should then be responsible for the costs required to repair the additional damage caused by this deterioration, as it wasn't damage caused by the original insured event.

And while I note Mr N's argument that HDI delayed making these original payments that prevented him from completing the work, I want to be clear I've seen no evidence to show this to be the case. And crucially, even if I had, it's clear Mr N didn't use these payments as they were intended. So, even if there was a delay caused by HDI here, I'm not persuaded these delays would have influenced the position Mr N now finds himself in.

So, because of the above, based on the evidence available to me, I'm satisfied HDI have acted fairly when refusing to make further payments to settle the claim.

HDI's failure to provide alternative accommodation

Mr N has made clear his belief that HDI should have placed his family in alternative accommodation or covered the costs of this. And I don't dispute Mr N's policy contained a provision for alternative accommodation within it.

But this in itself doesn't mean Mr N and his family were automatically entitled to this benefit. I've seen the report provided by the first loss adjustor in 2021, and their report makes it clear their opinion that Mr N's home was habitable and so, alternative accommodation wasn't required to complete the repairs attributable to the insured event.

But I also accept Mr N's concerns about this, considering this report was compiled remotely, due to restrictions in place at the time. So, I've considered all the above at length.

Having done so, I'm unable to agree that HDI have acted unfairly when not placing Mr N and his family in alternative accommodation. This is because, from what I've seen, the need for

this accommodation was due to the property requiring extensive maintenance work, not related to the original insured event.

I'm satisfied HDI and their agents made it reasonably clear to Mr N that he would be responsible for the costs of the work required to restore gas and electricity to his home. And as HDI weren't responsible for this work under the policy they provided, I'm satisfied HDI were also not responsible for any alternative accommodation costs that Mr N has incurred, or will need to incur in the future, to ensure this work takes place. This is furthered by the fact that the work now required is more extensive, due to Mr N failing to use the payments HDI did pay for the insured damage to make the required repairs.

So, while I don't intend this decision to take away from the lived experience of Mr N and his family, as I think it's clear they have been left living in conditions that would have been difficult to endure, I can't say this is because of something HDI have done wrong.

HDI's decision to reserve their right to invoke the policy fraud condition

Within HDI's most recent complaint response, HDI set out their right to invoke the policy fraud condition. And if I were to say HDI should make additional payments, HDI have made it clear they would then invoke this right. I note this is something Mr N disputes, so I've considered whether I'm satisfied HDI were reasonable to reserve this right.

Again, I want to reiterate HDI are entitled to rely on the opinion provided by W. And within W's report, it explains that the owner of the building company Mr N submitted a quotation from, who I'll refer to as "R", disputed providing the quotation Mr N supplied.

On top of this, the director of R was also the landlord of the rental property Mr N stated he was staying in. Initially, Mr N requested a payment of £12,000 from HDI, saying he incurred this cost at £2,000 a month, over a period of six months. Yet the tenancy agreement Mr N provided suggested a cost of £550 per month, over a different time period. And crucially, the landlord disputed signing or entering into this tenancy agreement, explaining that while Mr N had been staying at his property, they hadn't received payments from Mr N for this.

While I note Mr N has attempted to explain the tenancy discrepancy, from the evidence I've seen I'm satisfied Mr N made it clear he wanted to be reimbursed for an amount considerably higher than any amount he paid, considering the disputed tenancy agreement was for less and that he's been unable to evidence making any payments at all.

So, when this is considered alongside R's dispute that a written quotation was ever provided by them to Mr N, I'm satisfied this brings into question the validity of the claim and costs Mr N was presenting to HDI, whether or not he then chose to remove his request for these costs at a later date.

HDI have deemed this to be evidence of Mr N's attempt to make a fraudulent or exaggerated claim. And I'm satisfied HDI have acted fairly when reaching this determination, considering all the evidence put forward, as I'm satisfied another insurer is likely to have reached the same conclusion, in the same situation. So, I'm satisfied they have acted fairly when reserving the right to invoke this condition.

Further to this, I'm satisfied HDI's actions are more than reasonable, as they haven't actually invoked this condition when they could, explaining why they haven't done so as they feel they had already discharged their obligations as the insurer by this point.

Had they invoked this condition, they would be entitled to claim back the amount already paid to Mr N. And they would be obligated to report a fraud marker to the central insurance database, which Mr N would then be required to declare to future insurers which would likely have an impact on his ability to obtain future insurance and the premiums he would be quoted. So, I'm satisfied HDI's actions have been more than fair, and in Mr N's best interests here.

So, because of all the above, I'm unable to say HDI have acted unfairly or unreasonably when considering Mr N's main concerns and issues that fall within the scope of my decision to consider. And I'm not directing them to take any further action.

I understand this is unlikely to be the outcome Mr N and Mrs N were hoping for. And I want to reassure them again I've thought carefully about all the comments they have put forward including their testimony of the impact this situation has caused them, alongside all the information that's been presented by both parties.

But I also want to make it clear that, in line with our service's approach, I must ensure that any direction I make doesn't place a customer in a worse position than when they came to us. And this is something I've had to consider at length, considering the complexity of their complaint points. If I were to have agreed with Mr N and Mrs N that HDI should make further payments, which I want to be clear again I don't, then this would have left HDI in a position where their obligations as an insurer weren't satisfied. So, in that situation, HDI would have reasonably been able to invoke the fraud condition, refuse the claim in its entirety, requesting payments they made on the claim be returned and then place fraud markers against Mr N and Mrs N.

So, I'm satisfied the decision made here is a fair one and I hope this provides some level of reassurance to Mr N and Mrs N that offers them closure and allows them to move forwards.

My final decision

For the reasons outlined above, I don't uphold Mr N and Mrs N's complaint about HDI Global Specialty SE.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N and Mrs N to accept or reject my decision before 17 June 2025.

Josh Haskey
Ombudsman