

The complaint

Mr and Mrs H complain about the service provided by U K Insurance Limited ('UKI') when responding to their home insurance claim. They also complain about UKI's decision to ultimately decline the claim and cancelled the policy from the claim date

Much of Mr and Mrs H's unhappiness stems from the actions of agents appointed by UKI. As UKI accept they're responsible for the actions of their appointed agents, in my decision any reference to UKI includes the actions of those appointed agents.

Mr and Mrs H have been represented in this complaint by a family member. In my decision I'll only refer to Mr and Mrs H.

What happened

The background to this complaint is well known to Mr and Mrs H and UKI. Rather than repeat in detail what's already known to both parties, in my decision I'll focus mainly on giving the reasons for reaching the outcome that I have.

Following an escape of water at their property in December 2022, Mr and Mrs H made a claim against their home insurance policy. UKI accepted the claim. Mr and Mrs H became increasingly unhappy with how the claim was progressing and made several complaints. Our Service has previously considered one of those complaints.

On 18 June 2024, UKI told Mr and Mrs H they were declining this claim for fraud reasons and seeking recovery of their outlay. Mr and Mrs H made another complaint and UKI issued their final response letter on 8 July 2024, not upholding the complaint.

Mr and Mrs H referred their complaint to our Service for an independent review. They have argued that the poor handling of this claim from the outset has pushed overall costs up and this means the costs UKI are seeking to recover from them are higher than they would otherwise have been. Our Investigator didn't recommend that the complaint be upheld and as the dispute remains unresolved, it's been referred to me for 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.

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

I'm sorry to hear of the impact of this claim on Mr H's health and wellbeing.

The scope of my decision

It's the role of our Service to decide if, on balance, UKI have fairly reached their decision to decline this claim in line with the policy terms for fraud reasons. It's not my role to determine whether Mr and Mrs H have acted fraudulently. My role is to consider a range of factors - such as the relevant policy terms, good industry practice, relevant legislation and relevant case law. I'll need to then decide if UKI have acted fairly and reasonably in the overall circumstances of the complaint.

I'll also be considering the service provided from 10 February 2023 until the date of 8 July 2024. This is because our Service have previously considered a final response letter about claims handling that covered the period 15 December 2022 until 10 February 2023.

I'm not considering the actions of Mr H's employer. I make this point as Mr H has referred in mitigation to his employer having knowledge of his actions when providing invoices.

The service provided

It's not in dispute that the service provided by UKI didn't meet the expectations of either party in this complaint. I say this because UKI previously offered a compensation award in recognition of this. I find the compensation offered is fair, reasonable and proportionate. I've weighed up the impact of UKI's actions against the backdrop of the actions of Mr and Mrs H as this claim progressed.

The claim

In summary, UKI have said in their final response letter:

"....we are satisfied you have deliberately provided us with false invoices and documentation in an attempt to claim monies you were not entitled to."

For Mr H and Mrs H's anonymity, I won't go into detail in this decision on what documents were submitted. But I'm satisfied that Mr and Mrs H have been given a fair and adequate opportunity to explain the documents - and have been unable to do so satisfactorily. I'm also satisfied that UKI have been able to show - with supporting evidence, that there was not a booking with the relevant third-party hotel and the invoices relating to drying costs haven't been submitted in good faith. In addition, UKI have been able to show with supporting evidence that Mr H was entitled to free provision of drying equipment as part of his employment. Therefore, these are costs that Mr and Mrs H are claiming, but haven't been able to show they actually incurred.

I find that UKI have investigated the claim and have reached their position fairly. Mr and Mrs H have been unable to provide a plausible explanation that undermines UKI's position as being unfair. If Mr H was unhappy with the speed at which the claim was progressing and wanted to install his own drying equipment through his employer, it's been confirmed he could have done this at no cost to himself. Ultimately, 'but for' Mr H's actions, UKI would've covered the costs of this claim - including any associated costs that arose because of the claim not being progressed efficiently.

When reaching my decision, I've also carefully considered if there's any mitigation that can fairly apply here. Mr H's representative has provided extensive detail about Mr H's health issues that have been compounded by this claim. But based on what I've seen, invoices were submitted for UKI's consideration right from the very early stages of this claim and prior to the move to alternative accommodation that Mr H's representative says contributed to a decline in Mr H's health and caused him to behave in this way.

Having considered the detailed breakdown of the outlay UKI are seeking to recover, I'm satisfied that they're only looking to recover their normal claim related costs. I've seen no persuasive evidence that they avoidably or artificially inflated their claim outlay. As above, 'but for' the actions for Mr and Mrs H, UKI would be liable for all of the claim costs here.

Returning to the service provided, failures in service don't mitigate the actions taken by Mr and Mrs H, or mean that UKI can't act in accordance with the remedies set out under the Insurance Act 2015.

The remedies available to UKI under the Insurance Act 2015:

"Remedies for fraudulent claims

(1) If the insured makes a fraudulent claim under a contract of insurance—

(a) the insurer is not liable to pay the claim,

(b) the insurer may recover from the insured any sums paid by the insurer to the insured in respect of the claim, and

(c) in addition, the insurer may by notice to the insured treat the contract as having been terminated with effect from the time of the fraudulent act."

Having very carefully considered the evidence, I find that UKI *can* fairly refuse the claim, seek recovery of their outlay from Mr H, cancel the policy and retain the premiums received. I say this because they've been able to show with supporting evidence that Mr H provided documents relating to claim costs (alternative accommodation and drying costs) misleadingly. In the specific circumstances of this complaint, I don't seek to interfere with the actions UKI have chosen to take.

My decision will naturally disappoint Mr and Mrs H given the implications for them, but it ends our Service's involvement in trying to informally resolve their dispute with UKI. Whilst I'm satisfied UKI have been able to provide a detailed breakdown on their total outlay, if Mr and Mrs H dispute any part of the outlay - they'd need to raise that separately with UKI. Mr and Mrs H also retain all other dispute resolution options.

My final decision

My final decision is that I don't uphold this complaint.

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

Daniel O'Shea
Ombudsman