

The complaint

Mr P complains that Advantage Insurance Company Limited (“Advantage”) declined a claim and cancelled his motor insurance policy because it thought he’d acted fraudulently. When I mention Advantage I also mean its suppliers and engineers.

What happened

Mr P had a motor insurance policy with Advantage covering his car.

On 3 August 2024 Mr P contacted Advantage and told it his car had been vandalised. He said sugar had been poured into the fuel tank, which had seriously damaged the engine.

Advantage investigated his claim and declined it. It said Mr P lied to it during his claim and there were inconsistencies in his version of events. It inspected the car and its engineer said they couldn’t find signs that sugar had been used to damage his car.

It wouldn’t pay his claim and it cancelled his policy from the start. It refunded the payments he’d made and applied a fraud marker to his records.

Mr P brought his complaint to this service. He also complains that he’s struggling to buy insurance. Our investigator looked into it and thought Advantage had acted fairly and in line with the policy terms when it investigated his claim, cancelled his policy and applied the fraud marker.

Mr P didn’t agree with the view. He said he pays insurance for situations like this and he thought Advantage should pay his claim. He asked that his complaint was escalated, so it’s been passed to me to review and 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’m sorry to hear that Advantage’s decision on his claim has impacted Mr P so much. But having read the file of evidence, I’m not upholding Mr P’s complaint. I appreciate the further impact this will have on him, and I’ll explain why I’ve come to this decision.

Our approach in cases like this is to consider whether the insurer has acted in line with the terms and conditions of the policy, and fairly and reasonably towards Mr P.

It’s important I start by saying that Mr P admitted to Advantage that he’d lied to it. I’ll not go into detail here about exactly what went on in the claim, but I’d assure Mr P that I’ve read the entire file and listened to the calls.

What I am going to do is mention there were apparently substantial discrepancies between what Mr P said happened, and when it happened, and the resulting damage.

I’ve said above that, as part of the investigation, Advantage sent an independent engineer to

examine Mr P's car. I can see that the engineer wasn't able to fully inspect the car as it had been partially disassembled, but they were able to inspect enough of it to have significant concerns about Mr P's version of events.

Advantage declined Mr P's claim under the fraud condition. This says:

"Fraud

You must not act in a fraudulent manner. If you, or anyone acting for you:

- Knowingly provide information to us that is not true*
- Make a claim under the policy knowing it to be false or fraudulently exaggerated in any respect*

Then, depending on the circumstances:

- Your insurer may be entitled to refuse responsibility for the claim to which the alleged fraud or falsehood relates. They may also be entitled to cancel the policy or treat it as if it had never existed without refunding your premium."*

This wording is common in the insurance marketplace and I think its use here is fair.

As Mr P admitted he lied to Advantage in his claim, and then didn't supply it with all the information it asked for, I think it's fair Advantage invoked the fraud condition and acted as it did.

I understand from the calls between Mr P and Advantage that he said he lied in order to make his claim sound better. But I'd also say that it's clear to me from Advantage's point of view that it wasn't only relying on Mr P's words. It had significant concerns about several aspects of Mr P's claim including the dates the damage happened, and the people involved in advising Mr P, and dismantling and attempting to repair the car.

Ultimately, Advantage's engineer said they thought Mr P's car had likely suffered a timing belt failure, which would have caused significant engine damage. I've not seen evidence to suggest the engineer's conclusion is incorrect, and it's important I give an expert opinion due weight.

The inconsistencies in Mr P's version of events, his admission that he lied to make his claim sound better, and the findings from the expert engineer all come together in Advantage's reasoning about why it used the fraud condition.

Taking everything into account, I don't think Advantage has acted unfairly or unreasonably in how it's investigated Mr P's claim and came to the decisions it has. Its policy wording allows it to reject his claim and avoid (cancel back to the beginning) his policy, and it's done this. It's refunded the premium, which I think is fair. It also gave Mr P a fraud marker against his name and I'm not going to ask it to change that.

So, I'm not upholding Mr P's complaint and I'm not going to ask Advantage to do anything differently.

My final decision

It's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or

reject my decision before 24 April 2025.

Richard Sowden
Ombudsman