DRN-5402261

The complaint

A company, which I will refer to as "L" complains about Great Lakes Insurance SE's handling of their buildings Insurance claim.

L is being represented in their complaint by F.

All references to Great Lakes also include its appointed agents.

What happened

The details of the complaint are well known to both parties, so I won't repeat them in detail here. The following is a summary of the events that led to this complaint.

- L's property suffered an escape of water and made a claim to Great Lakes. However Great Lakes declined the claim in February 2024.
- It said the policy had been set up for use as a 'Church Hall' but it had been established the property was also used for services as a place of worship.
- Great Lakes said had the correct use of the building been provided at the outset, it wouldn't have offered cover.
- It said L had made a qualifying misrepresentation and voided their policy, returning the premiums paid to them.
- L made a complaint to Great Lakes but in its final response letter it maintained its decision. So, the complaint has now been brought to our service.

Our investigator's view

Our investigator didn't recommend the complaint be upheld. She said she'd seen screen shots of the portal journey and answers provided by L's broker when the policy was arranged. She said L's broker was asked clear questions about the trade description of the tenant.

This included questions about the trade of the tenant (answered as 'Church Hall'), whether they were unsure of the trade description or if there was more than one trade in the property (answered "no") and whether the trade description given was an exact match (answered as "yes").

When answering the trade description question our investigator also noted the broker was provided access to a list of answers which included options for 'Church Hall', 'Place of worship' and 'Religious Establishments'. She noted the the options of 'Place of Worship' and 'Religious Establishments' were both clearly marked as a 'decline' for providing cover.

As it was later established there were multiple trades in the building, she was satisfied the answers provided were not correct and as such was a qualifying breach under the relevant legislation. She felt Great Lakes were entitled to rely on the information it had been provided. And she was satisfied its underwriting criteria showed if the correct information had been given then cover wouldn't have been provided.

Because of this she felt Great Lakes' decision to treat the misrepresentation as a qualifying one to be fair and therefore it had acted reasonably in taking the action it had in cancelling the policy.

F disagreed and asked for an ombudsman to review the matter. They said for L to describe the property as a 'Church Hall' was correct and it was correct for the broker to do so when disclosing this as the trade description of the building.

They said in the property's region; many non-denominational and relatively informal places of worship will refer to the property as either 'the hall' or 'church hall'. So, when the option 'Church Hall' was selected from the drop down it was accurate and appropriate.

They said neither L or their broker would have reason to believed that a Church Hall used for Church services would be something Great Lakes wouldn't cover – and it wasn't reasonable for the broker to be expected to scroll down a lengthy list of trade descriptions. They said it was for Great Lakes to have flagged trades that weren't acceptable and to place them in the drop-down box in a clear and obvious place.

The complaint has now passed to me.

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.

My role as an ombudsman is to decide how a complaint should be resolved, quickly and informally. That means I will focus my investigation and decision on what I consider the crux of the issue to be. I don't intend to comment on everything L and F has said or asked, unless I consider it relevant to the decision I need to make. But I can confirm I have thoroughly read and considered all the evidence presented by all parties.

Having done so, I agree with the conclusions reached by the investigator for these reasons:

- As a commercial customer, under the Insurance Act 2015, it is the responsibility of the customer to make a fair presentation of the risk. So, it is for the customer to provide accurate information that might be relevant to Great Lakes considering whether it would provide cover.
- The policy also contains a condition which says the customer must make a fair presentation of the risk. It sets out if these conditions are not complied with, Great Lakes may avoid the policy, retain any premiums paid and refuse to deal with a claim. This isn't unusual.
- Great Lakes avoided L's policy as it was established the property was being used for more than one trade, which was not disclosed to it when the policy was taken out. Had it been disclosed the premises was used as a place of worship, it has shown it would not have offered cover.
- I've reviewed a copy of the statement of fact questionnaire completed by L's broker prior to the policy inception.
- It clearly asks to set out the trade of tenant and asks if there is more than one trade in the property. I'm not making a finding on the actions of the broker, or whether they did or did not go down the drop-down list of trades. But I will add here that while this is a substantial list, I don't accept it was unreasonable for it not to be checked in its entirety to ensure accuracy. And having checked the list I can see it clearly sets out that 'Places of Worship' and 'Religious Establishments' show with 'Currently Decline' in brackets next to them. I think these set out clearly that cover isn't offered for these

types of premises and would reasonably prompt questions to have been put to Great Lakes as to whether cover could be offered.
- Great Lakes have also provided details from its underwriters that confirms it would not have offered cover.
- I've thought about the point F made that in L's region the property will be referred to as a Church Hall. But again, to the point I've made above, I think it reasonable the list be checked in its entirety and it clearly sets out that 'Places of Worship' and 'Religious Establishments' are not covered. I think therefore L and their broker should have been reasonably aware Great Lakes didn't interpret 'Church Hall' to have multiple uses. And if they remained unsure, should have checked with Great Lakes before proceeding.
- In summary, the relevant Act, as explained above, sets out what an Insurer can do in the event a consumer doesn't make a fair presentation of the risk.
- And as such I don't think Great Lakes have been unreasonable in concluding that a careless qualifying misrepresentation has been made. Great Lakes have voided the policy and has agreed to refund the premiums paid to L. Which is what I would expect in the circumstances. Therefore, I won't be interfering in its decision.

So, for these reasons, I do not uphold this complaint.

My final decision

My final decision is that I do not uphold L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 6 August 2025.

Michael Baronti
Ombudsman