

## **The complaint**

Mr and Mrs E complain Lloyds Bank General Insurance Limited trading as MBNA (Lloyds) unfairly cancelled their policy following an accidental damage claim under their home insurance.

## **What happened**

I issued a provisional decision on 13 March 2025. This set out the following:

### **“What I’ve provisionally 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.

Mr and Mrs E held a buildings insurance policy which was underwritten by Lloyds. They raised an accidental damage claim in May 2024. Mr E said he dropped an iPad from roughly four feet onto a kitchen floor, causing the screen to smash. He uploaded a photo of the damage for Lloyds to consider.

Lloyds considered the damage to be extreme, Mr E’s recollection to be vague, and inconsistent with the damage, so it appointed a third-party to inspect the damage. I am satisfied this was a reasonable approach for it to take based on the photo of damage, and the information presented to it by Mr E.

Mr E has said the iPad was collected a few weeks after the incident. The third-party reported on the damage and recommended the claim be declined. The report noted screen damage and the chassis was bent, the iPad was twisted, and this damage wasn’t reported by Mr E initially. The third-party didn’t consider the damage was consistent with what Mr E reported.

Lloyds wrote to Mr E in June 2024 sharing the third-party’s findings, Mr E’s version of events – including his comments the iPad had no issues prior to the incident, and its concerns with this claim.

Lloyds requested Mr E provided further information to validate this claim. It also highlighted a policy fraud condition. I find this was a reasonable step for Lloyds to take due to its concerns with this claim. I say this because I’d expect an insurer to be open and transparent about its concerns and provide a policyholder with the opportunity to respond and address the same, which it did.

Mr E wasn’t happy with Lloyds’ response. He maintained damage occurred in line with what he previously reported. He also said the iPad was stored in an internal garage after the incident (while awaiting collection, away from his children due to sharp glass), and the iPad, while unlikely, could have been knocked off the side, but he couldn’t confirm this. Mr E told Lloyds he had nothing further to add.

Lloyds wasn’t satisfied Mr E’s response alleviated its concerns. Lloyds therefore

didn't accept this claim. Rather, it engaged a fraud condition in the policy which says:

***"Fraud***

***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."***

While I acknowledge Mr and Mrs E's strength of feeling that Lloyds has treated them unfairly, and the seriousness of an allegation of fraud, I am not satisfied Lloyds treated them unfairly. I say this for the following key reasons:

- This claim was reported to Lloyds as an accidental damage claim which requires damage to be one-off, sudden, unexpected damage, not done on purpose. Lloyds has said, in essence, this claim was presented to it as an accidental drop of an iPad – with no known pre-incident issues – onto a kitchen floor. I am not satisfied the evidence supports damage was the result of 'accidental damage', nor was damage consistent with the information presented to Lloyds by Mr E.
- I find the third-party damage report to be conclusive, persuasive, and supported by photos. This highlighted, amongst other things, damage to the chassis, the iPad was twisted, and this wouldn't have occurred as the result of Mr E's report of the incident.
- Lloyds has further said the third-party noted the iPad was bent in two places, in different directions, and this damage wasn't consistent with a drop. Rather, this damage was normally attributed to applying pressure to the device or sitting on it. I find these comments to be consistent with the photos of damage I've seen.

- I find Lloyds took reasonable steps to share its concerns with Mr and Mrs E – affording them the opportunity to alleviate those concerns. It considered Mr E's alternative view that additional damage *may* have been caused while the iPad was being stored in the garage. Lloyds reviewed a photo uploaded by Mr E initially, and the third-party's photos taken a few weeks later. I've reviewed these and, on balance, I don't find the damage seen in the photos is materially different, which suggests the iPad was in broadly the same condition shortly after the claim-incident, to the third-party carrying out its inspection a few weeks later.
- Lloyds concluded damage more likely than not occurred in a different manner to what Mr E reported. It considered the claim was therefore misrepresented by Mr and Mrs E with information they knew to be untrue. This resulted in Lloyds engaging the fraud condition to this policy. Based on what I've seen so far, I am not satisfied Lloyds treated Mr and Mrs E unfairly when doing so, or its actions thereafter.

In concluding, I find Lloyds acted fairly and reasonably when engaging the fraud policy condition to this claim, and its actions thereafter. It follows I find Lloyds treated Mr and Mrs E fairly and reasonably.

For completeness, I note Mr and Mrs E experienced some service issues. Namely – Lloyds accept it would have been more appropriate customer service to contact Mr and Mrs E by phone to discuss its concerns. It paid Mr and Mrs E £100 compensation in recognition of its service failings.

While Mr and Mrs E would have received a more appropriate level of customer service had Lloyds called, I don't find this would have made any material difference to the outcome Lloyds finally reached. I say this because Mr and Mrs E had nothing materially new to provide Lloyds for further consideration in any case. It follows I find £100 compensation overall to be fair, and I don't intend to require Lloyds to take any further action.

### **My provisional decision**

For the reasons mentioned above, I don't intend to uphold this complaint."

### **Responses to my provisional decision**

Lloyds had nothing further to add. Mr and Mrs E didn't agree. Mr E said, in brief, what he reported to Lloyds was an honest reflection of what happened, he never intended to gain from this claim, living in a busy household means not everything that happens can be witnessed, and his child has since said they drove over the iPad multiple times while it was being stored in the garage. They maintain Lloyds has treated them unfairly.

### **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 see no compelling reasons to deviate from the outcome I provisionally set out. I say this because Lloyds based its decision on the claim information it received from Mr and Mrs E. And, for the reasons I set out within my provisional decision, I find Lloyds' decision on this claim was a fair and reasonable one and not contrary to the evidence. It follows I don't require Lloyds to take any action.

### **My final decision**

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E and Mrs E to accept or reject my decision before 16 April 2025.

Liam Hickey  
**Ombudsman**