

The complaint

Mr T complains about Zurich Insurance Company Ltd's decision to cancel his home insurance policy and decline cover for his claim.

Zurich has been represented on the claim by its agents. For simplicity, at points, I've referred to the actions of Zurich's agents as being its own.

What happened

Mr T purchased home insurance with Zurich in September 2023. In November 2023, following theft at his home, he made a claim with Zurich, for damage to his home and the theft of his contents and possessions.

Zurich visited Mr T's property in December 2023. It visited again in February 2024 to take a statement from Mr T.

In May 2024, Zurich told Mr T it intended to cancel his policy and decline his claim. It said this was because it found Mr T had breached the fraud condition in the policy by exaggerating the claim. It invited Mr T to reply before it made a final decision.

Mr T replied to Zurich's submission in June 2024, through a representative. Zurich reviewed this submission but remained satisfied Mr T had breached the fraud condition. So it cancelled Mr T's policy from the date of the claim and declined cover.

Mr T complained to Zurich in September 2024. He was unhappy with Zurich's decision to cancel the policy and decline cover. He didn't agree he'd breached the fraud condition. He was also unhappy with the conduct of Zurich's agents in their handling of the claim.

Zurich issued a complaint response in October 2024. It maintained its decision to rely on the fraud condition to cancel the policy and decline cover. It said the conduct of its agents in handling the claim was professional and empathetic.

Mr T referred his complaint to the Financial Ombudsman Service. He said Zurich's agents were intrusive with their questioning. He said he claimed for the damage he thought had been caused on the date of loss.

The investigator didn't uphold the complaint. They said Zurich had acted fairly in cancelling the policy and its agents carried out their investigations fairly in the circumstances.

Mr T didn't agree. He said he was denied the opportunity to respond before Zurich made its decision. And he said he didn't have access to some of the information Zurich relied on, such as the estate agent photos and documents. Instead, he said he relied on the information he was given by the police about the likely damage.

Because the complaint couldn't be resolved, it's been passed to me to decide.

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 should first set out that I acknowledge I've summarised Mr T's complaint in a lot less detail than he has presented it. Mr T has raised a number of reasons about why he's unhappy with Zurich. I've not commented on each and every point he's raised but, instead I've focused on what I consider to be the key points I need to think about. I don't mean any discourtesy by this, but it simply reflects the informal nature of this service. I assure Mr T, however, that I have read and considered everything he's provided.

Mr T is unhappy with Zurich's handling of his complaint. But "*complaint handling*" isn't a regulated activity under the rules set by the regulator, the Financial Conduct Authority (FCA). And because the rules say we can only look into complaints about regulated activities, I'm not able to consider this aspect of Mr T's complaint.

Under the terms of the policy, Zurich can cancel the policy and decline all further cover in the event of fraudulent conduct by the policyholder. And I consider fraudulent conduct reasonably includes exaggerating losses within a claim.

Zurich cancelled Mr T's policy and declined cover because it believes he exaggerated his losses. In deciding whether Zurich acted fairly, I've considered whether it has provided sufficient evidence to show it was more likely than not that Mr T exaggerated his losses under the claim.

I've reviewed the information Zurich provided from its communication with Mr T following the date of loss in November 2023, during its visit in December 2023 and when it took a statement from Mr T in February 2024. Having done so, I'm satisfied Mr T told Zurich the following was caused by the thieves at the date of loss:

- Damage to the vent faceplate in the back garden.
- Damage to the render next to the patio doors.
- Damage to a bathroom tile.
- Underboards stripped off within the loft space.

Faceplate and render

Zurich has provided evidence from an estate agent that marketed the property leading up to Mr T's purchase in around August 2023. I've reviewed the photo the estate agent provided, and I'm satisfied this shows the damage to the faceplate and render existed prior to Mr T's purchase, and therefore, prior to the date of loss.

Mr T says he'd recently moved in, so didn't notice this damage until after the date of loss. But given that he'd likely occupied the property from September 2023 (when he took out the cover), I think it's more likely than not that he'd have noticed the damage to the faceplate and render, prior to the date of loss around two months later, in November 2023.

So overall, I consider Zurich acted fairly in concluding Mr T exaggerated his losses, on the basis he was aware the damage to the faceplate and render was pre-existing, and therefore not caused by or during the insured incident (the theft).

Tile

The estate agent referenced above also provided a photo to Zurich of the damage tile.

Again, this was from before Mr T's purchase of the property. I've reviewed this photo and I'm satisfied this shows the damage to the tile existed prior to the date of loss. And I'm satisfied the damage to the tile is the same damage in the photos taken by Zurich following the claim.

Mr T accepted this damage may have been pre-existing. And for the reasons outlined above, I consider it more likely than not that it was. He's said the damage was not clearly visible and was likely made worse during the theft. But I don't consider the suggestion of worsening damage is evidenced by the photos I've seen - I consider the damage in the photos before and after the theft to be similar. And I'm not persuaded Mr T was unable or unlikely to have seen this damage having lived in the home for around two months prior to the date of loss.

It follows that I consider Zurich acted fairly in concluding Mr T exaggerated his losses, by claiming for the damage to the tile.

Underboards

Zurich provided evidence from a surveyor that carried out a home report in May 2023. This includes a comment confirming a number of insulation boards had dropped within the roof void along with photos demonstrating this.

Mr T said he'd been advised about this likely damage by the police. But the evidence Zurich provided from Mr T's interview in February 2024, suggests he told Zurich he'd been in the loft space since he moved in, and before the date of loss. So I don't consider it reasonable for Mr T to have claimed for damage based on advice from police, when he likely knew the prior condition of the underboards.

Mr T also said many more insulation boards were stripped off following the theft, along with insulation being pulled apart. But this isn't consistent with the evidence suggesting Mr T told Zurich the underboards were intact before the date of loss. And I've not seen evidence to show Mr T told Zurich when he made the claim, there was some pre-existing damage involving the underboards.

So, I consider Zurich acted fairly in concluding Mr T exaggerated his losses, by claiming for pre-existing damage and loss within the loft space.

Overall

Ultimately, for the reasons outlined above, I think it was fair for Zurich to say Mr T looked to claim for losses he hasn't incurred (he's exaggerated the claim). Because the terms of the policy allow Zurich to cancel the policy and decline cover in the circumstances, I don't think Zurich acted unfairly in relying on the terms to do so.

And because Zurich was entitled to rely on the fraud condition based on the above, I've not gone on to consider the other concerns Zurich initially raised, such as underinsurance or proof of ownership.

Mr T says Zurich didn't give him the opportunity to respond before it made its decision. I can see that Zurich issued a provisional decision in May 2024, which invited Mr T to respond with any further comments or explanations. I can see that Mr T did provide a response, through his representatives, in June 2024. And following this, Zurich considered Mr T's response, before it issued its decision in August 2024. Based on the above, I'm satisfied Zurich did give Mr T reasonable opportunity to respond before it made its decision in August 2024. And having reviewed Mr T's submission, I'm also not persuaded that had Zurich given Mr T more time to respond, the outcome would likely have been different.

Mr T also complained about the conduct of Zurich's agents, including intrusive questioning. But given that Zurich had reasonable grounds to be concerned about a potential breach of the fraud condition, I don't consider the extent of its investigations and questioning to have been disproportionate in the circumstances. And I've not seen sufficient evidence to persuade me its agents treated Mr T unfairly for any other reason.

For the reasons outlined above, I won't direct Zurich to do anything else.

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 T to accept or reject my decision before 6 June 2025.

Monjur Alam
Ombudsman