

## **The complaint**

Mr B complains that U K Insurance Limited trading as Churchill ("UKI") unfairly cancelled his home insurance policy. He's unhappy that UKI recorded a cancellation/fraud marker against him which has impacted his premiums with other insurers.

## **What happened**

In May 2022, Mr B phoned UKI to make a claim under his home insurance policy. He said he'd left a tap running in the bathroom. It seemed like the drain was blocked because the water had come over the sink and flooded the whole bathroom. He said the water had gone through the floor and damaged the ceilings and walls of the lounge and dining room below.

UKI told Mr B the incident wasn't covered by his policy because there was an exclusion under the escape of water section for damage caused by water overflowing from sinks due to taps being left on. The UKI representative said this incident might have fallen under accidental damage, but Mr B didn't have accidental damage cover with his policy.

A week later, Mr B phoned UKI again and said he wanted to make a claim for damage caused by a leak from the flex pipe under his bathroom sink. He said it had caused damage to the bathroom floor, the ceilings in the dining room and lounge and probably the floor in the lounge as well.

UKI had concerns that there was a similar claim for damage so close to the previous one Mr B had attempted to make. A representative phoned Mr B to discuss the circumstances of his claims and asked him to provide a plumber's invoice for the repair to the leaking pipe. Mr B said he would ask the plumber for a copy of the invoice so he could send it to UKI, but he didn't provide this.

After speaking to Mr B another time, UKI said it believed he had breached the fraud condition in the policy. It said it was declining his claim and cancelling the policy. It said he was obligated to tell his next insurer of the policy cancellation during any future applications for home insurance.

Mr B raised a complaint, but UKI said it wasn't able to overturn the decision to decline his claim as it was satisfied it was correct.

Around two years later, Mr B raised another complaint with UKI. He said it was hard for him to get new insurance because of the cancellation of his policy. He said he hadn't been thinking straight around the time the policy was cancelled as his wife was dying. He believed cancelling the policy wasn't fair on him.

UKI said it was sorry for the upset the policy cancellation and marker had caused him. But based on the reason for declining Mr B's claim, it couldn't remove the cancellation of his policy from its internal or external records.

Mr B remained unhappy and asked our service to consider the matter.

I issued a provisional decision on 2 May 2025 where I explained why I didn't intend to uphold Mr B's complaint. In that decision I said:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Based on what I've seen so far, I don't intend to uphold Mr B's complaint. I'll explain why.*

*UKI has referred to the following policy condition:*

*"Fraud*

*You must be honest in your dealings with us at all times.*

*We will not pay a claim that is in any way fraudulent, false or exaggerated.*

*If you, any person insured under this policy or anyone acting on your behalf attempts to deceive us or knowingly makes a fraudulent, false or exaggerated claim:*

- *Your policy may be cancelled*
- *We may reject your claim and any subsequent claims*
- *We may keep any premium you have paid*

*What happens if we discover fraud. We have the right to cancel any other products you hold with us and share information about your behaviour with other organisations to prevent further fraud..."*

*It's important to explain that it isn't for me to decide whether Mr B acted fraudulently. Instead, I've needed to consider if UKI's decision in this case was reasonable.*

*In order for an insurer to invoke the fraud condition in an insurance policy, the insurer needs to show that it's more likely than not that the condition was breached.*

*UKI says it invoked the fraud condition due to concerns that Mr B had changed the peril of his claim to gain cover.*

*I've listened to recordings of four telephone conversations Mr B had with UKI from May to July 2022.*

*In the first call which took place on 21 May 2022, Mr B clearly stated that he was claiming for damage caused by water coming over the side of his bathroom sink after he'd left the tap on. He said the water had gone onto the bathroom floor and there was damage to the ceilings of the lounge and dining room below. He said the dining room wall was stained and there was damage to the wallpaper.*

*The UKI representative told Mr B there was an exclusion on the policy that meant this incident wasn't covered under the escape of water section. She told him he couldn't claim under accidental damage as the policy he'd taken out didn't have accidental damage cover.*

*Mr B asked what was covered. UKI said if it had been a pipe that leaked from the sink that would be something that would come under escape of water.*

*One week after this call, Mr B phoned to make another claim. When he was asked when the incident happened, he said it was over the last few weeks and estimated it to be 1 May. He said there was a leak from the sink in the bathroom. The drain had been blocked and water was in the tube underneath the sink. He mentioned that he'd left the tap on a few weeks earlier and water had gone over the top which was why he got someone out. The plumber*

*told him there was a blockage and a leak from the flex pipe. The damage he described was in the same areas he'd said in the call the week before.*

*A representative phoned Mr B a couple of weeks later so she could go through the circumstances of his loss again. In this call, Mr B said he thought it had happened towards the end of May. He'd discovered the damage because the ceiling was leaking. He said it was a fast leak because the pipe had burst. Upstairs and downstairs were flooded. He said his first action was turning the water off at the mains.*

*Mr B said a plumber had visited the next day to fix the leak and the drain. He'd been given an invoice for the work, but he couldn't find it. He said the plumber was coming around the following evening and he'd ask him for a copy of the invoice.*

*Mr B said that prior to the incident the lounge, dining room and bathroom were all in good condition.*

*When the representative asked Mr B about the previous claim he'd made in May, he said he didn't think he had made one. He then said he thought it was to do with the toilet pan leaking. He'd been told that wasn't covered.*

*UKI asked Mr B to send it the invoices from the plumbing work he'd had done, and it would review his claim.*

*According to UKI's notes, it tried calling him and sent a letter to chase Mr B for the plumber's report, but this was never provided.*

*In July 2022, the representative Mr B had previously spoken to called him again. She said she wanted to double check the circumstances of the claim. Mr B confirmed that there was a leak upstairs and a drain was blocked. A seal had failed and the flex pipe had broken, and there was damage to the downstairs lounge and dining room. Mr B also confirmed that prior to this incident, there was no damage to the property.*

*The UKI representative said the last time they'd spoken she'd made Mr B aware of a previous claim that was recorded. Mr B hadn't recalled it when it was first mentioned and then advised there was a leaking cistern, but no damage was caused by that. Mr B confirmed this was correct.*

*The UKI representative said she'd listened to the call on 21 May where Mr B registered the claim and he'd given a completely different set of circumstances to what he was telling her now. She summarised what he'd said in the 21 May call about leaving the taps on and finding water damage when he'd returned home. Mr B said he understood but the cistern was leaking, and he did ring up, so he wasn't sure why that wasn't part of the conversation. He said he'd had mixed messages about which leak he'd been asked to get information on.*

*After he brought his complaint to our service in late 2024, Mr B told us that he couldn't exactly remember what had happened, but his recollection was that he'd rung UKI to claim and he'd been told there was no cover because the taps were on. A few weeks later there was a leak so he'd claimed again. He said his wife was seriously ill and at died around that time. There was a lot going on and he couldn't think straight.*

*I can see from the information Mr B has provided that his wife sadly passed away around six months after he made his claim. And he mentioned his wife's illness in one of his calls with UKI.*

*I don't doubt that this was an extremely stressful time for Mr B, and I can understand why he may have found it difficult to think straight. However, he was very clear about the*

*circumstances leading to the damage he was claiming for in his initial call with UKI on 21 May 2022. It was due to the taps being left on. UKI explained this meant the damage wasn't covered because of an exclusion under the policy and told Mr B that a leak under the sink would be covered. Only one week later, Mr B claimed for the same damage due to a leak from under the sink. So, I think it was understandable that UKI had concerns about the second claim.*

*I don't think Mr B was very clear about the length of time the leak had been going on for or how he'd become aware there was a problem in the phone call where he made his second claim. However, in the third call, he was quite specific about the circumstances in which he'd discovered the leak. He said the water was coming through the ceiling downstairs because the pipe under the sink had burst and he'd turned the water off at the mains. He also specifically said there was no damage to the lounge, dining room or bathroom prior to this incident. This conflicted with what he'd told UKI in the 21 May call.*

*I understand Mr B had a lot on his mind when this happened, and the stress he was experiencing at that time might have led to him making decisions he wouldn't have made under different circumstances. However, I'm not persuaded from the above that Mr B gave UKI false information because he couldn't think straight. He gave UKI two very clear, but contradictory accounts of what had happened.*

*Given what Mr B had said, I think it was reasonable for UKI to have reached the conclusion that he had changed the peril of his claim to gain cover after being told that his loss wasn't covered by the policy. So, I don't think it was unreasonable for UKI to conclude that the fraud condition was breached.*

*I appreciate Mr B was going through an extremely difficult time in 2022 and feels it's unfair that he is having to pay higher insurance premiums because of what happened then. But I'm satisfied that UKI acted fairly and reasonably, in line with the terms and conditions of the policy. So, while I empathise with Mr B, I'm not persuaded UKI needs to take any action in relation to his complaint."*

I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

## **Responses**

UKI said it had nothing further to add and would await my final decision.

Mr B made some further comments about his circumstances around the time he made the claim in 2022. He said he was not deliberately trying to deceive UKI, but he was struggling to manage day-to-day matters, including what seemed to be a very complicated claims process. He said he was confused, overwhelmed and mentally not in a place to explain things clearly.

Mr B said he did not benefit from the claim in any way, nor was there any financial gain. He simply sought support from his insurer for damage he believed to be covered, and when told otherwise he attempted to explain the situation more accurately based on new information.

Mr B said he didn't think it was fair to uphold a fraud marker against him given the circumstances, lack of intent and the overall context. He asked that I consider that he'd never claimed for any home insurance in 30 years, he had 6 properties, he'd never been involved with the police, he had no criminal record or fraud record, and he had a 100% credit rating.

Mr B asked if we could share the call recordings UKI had provided, so our investigator sent these to him.

Mr B then made some further comments. He said he was shocked by the accusation of fraud. He felt it was clear there was confusion on both sides during the conversation and the situation was not handled properly by the insurance company representatives.

Mr B said during the first call, he stated the water came over the tap because the tap had been left on. He was confused at the time and made several assumptions, as did the operator. In the second call, he informed the operator that a flexi pipe had burst based on the plumber's assessment. He also mentioned he had previously reported the tap being left on and water overflowing. At this point it was apparent that the leak had been ongoing, which could have caused the damage downstairs – not necessarily the water going over the top.

Mr B said that by the third call he was mentally and physically exhausted. At the beginning, he was struggling to recall the initial dates of the previous calls as he was rushing at work. He provided the contact number for the plumber who had addressed the leak and was expected to quote for additional work.

Mr B also made some comments about what was said by the UKI representative in the third and fourth call. He felt her communication was unclear and she'd caused confusion.

### **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 understand Mr B was going through an extremely difficult time when he made the claim. His wife was terminally ill, and he was caring for his young child full-time while being busy with work. I don't doubt this had a negative impact on Mr B's mental and physical health and I empathise. But, as I explained in my provisional decision, it isn't my role to decide if Mr B acted fraudulently. I've had to consider whether UKI acted fairly and reasonably when it invoked the fraud condition in the policy.

Having listened to the calls, it doesn't sound like Mr B was trying to explain the situation more accurately based on new information after he was told his claim wasn't covered. There were clear discrepancies between Mr B's versions of events in different calls. So, I don't think it was unreasonable for UKI to conclude that Mr B was trying to provide false information about the circumstances of his loss in order to claim for something he wasn't entitled to under the policy's terms and conditions.

I appreciate Mr B feels that the communication from the UKI representative who spoke to him in the third and fourth recorded call was unclear and confusing. However, I think she was trying to give Mr B the opportunity to explain what had happened and clear up inconsistencies in his account of events.

I know my answer will be disappointing for Mr B, but having carefully considered his additional points, I'm not persuaded that UKI has acted unfairly.

### **My final decision**

For the reasons I've explained, I don't uphold Mr B's complaint.

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

Anne Muscroft  
**Ombudsman**