

The complaint

Mrs M complains that Haven Insurance Company Limited (“Haven”) declined a claim for flood damage to her home. When I mention Haven I also mean its suppliers and contractors.

Mrs M is represented in her complaint by a family member, but for ease I’ll refer to her throughout.

What happened

Mrs M had a home insurance policy with Haven. When she applied for cover she told it that her home had suffered a storm claim in 2021. She bought cover from a broker via a comparison website.

Her home suffered a flood in September 2024. She contacted Haven and made a claim.

Haven sent a loss adjuster to inspect her home. Mrs M moved into alternative accommodation, the costs of which Haven said it would refund.

During its investigation, Mrs M told the loss adjuster about her previous claim.

Haven asked for further information about the claim. It said the previous claim was for flood. It said Mrs M had misrepresented her claims history, so it wouldn’t provide cover for her 2024 claim. It said it would pay for some of her alternative accommodation costs and some cleanup costs as a gesture of goodwill.

Mrs M brought her complaint to this service. She asks that Haven pay her claim plus compensation for her distress and worry.

Our investigator looked into it and thought it would be upheld. He thought Haven should pay a proportional part of Mrs M’s claim. He also said it should pay her £350 because it’d incorrectly declined her claim, and it needed to remove an endorsement it applied to her policy that excluded flood.

Mrs M agreed with the view but Haven didn’t. It said it regarded Mrs M’s misrepresentation of the previous claim as reckless. So it said it wouldn’t pay the claim.

Because it didn’t agree, Mrs M’s complaint has been passed to me to make a 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.

Having read the file of information, I’m upholding Mrs M’s complaint.

I’ve looked at the application procedure Mrs M went through when she applied for cover. Haven says that Mrs M misrepresented her details when she bought the policy. The relevant legislation covering this is the Consumer Insurance (Disclosure and Representations) Act

2012 ("CIDRA").

CIDRA requires consumers to take reasonable care not to make a misrepresentation when taking out a policy. The standard of care is that of a reasonable consumer.

Mrs M accepts she gave the wrong information about her previous claim when he applied for cover with Haven. She says she was told by her previous insurer that it was being dealt with as a storm claim. From the information I have, she described this previous claim as very heavy rainfall, causing a rush of water into her home via a doorway. Haven said it should have been described as a flood, and Mrs M seems to agree with this in her later correspondence.

It's also important I say that Mrs M did tell Haven about the storm claim and gave it the date and amount claimed on her application for cover.

It seems clear that she misrepresented the information she gave Haven.

Haven provided evidence that it would have accepted Mrs M on cover if it'd known that the previous claim was flood, rather than storm. But it would have charged an additional premium to do so. It also provided evidence that its acceptance of Mrs M's cover would include transferring ('ceding') the flood part of her risk to a scheme called Flood Re.

This means she made something CIDRA describes as a qualifying misrepresentation because Haven would have charged her a different premium if it'd known her true claim history.

In turn, what this means is, under CIDRA, Haven can pay a proportion of Mrs M's claim, in proportion to the premium she underpaid.

In later correspondence with this service, Haven said it thought Mrs M's misrepresentation was reckless. What this would mean is that, under CIDRA, it's able to decline her claim. It provided this service with details of the questions asked of her when she applied, and said she'd told both it, and the loss adjuster, that her home had previously flooded when she'd made her claim.

I've thought about this carefully, and I don't agree that Mrs M acted recklessly. From the evidence I have, she was under the impression that her previous claim had been dealt with by her previous insurer as 'storm'. So, I think it's reasonable of her to describe it as such, even though she knew that the outcome of the heavy rainfall was that her home flooded apparently from surface runoff. I've also taken into account Mrs M's personal situation here. I think her misrepresentation was careless, rather than reckless.

What this means is that Haven now needs to pay Mrs M's claim in proportion to the premium it would have charged her if it'd known that the previous claim was a flood.

I can also see that Haven has said it charged that extra premium because it would cede the flood risk to Flood Re. But, in Mrs M's case, it hadn't been able to do this because she hadn't declared the previous claim as flood.

But I don't think that matters here. CIDRA is silent on this matter, so I think the fair and reasonable outcome is that Haven settles Mrs M's claim in line with CIDRA. I can see she's accepted this.

I'll also comment that Haven agreed to pay for some of Mrs M's accommodation and cleanup costs as a gesture of goodwill, and I think it acted fairly and reasonably in doing so.

It now needs to handle the remainder of her claim as I've said above.

Reasonable costs already incurred by Mrs M should also be refunded by Haven under the same proportional calculation, but interest at 8% simple should be added to those costs from the date Mrs M paid them to the date Haven makes this payment.

I can see from the file that Haven said the broker later endorsed Mrs M's policy to show that it wouldn't cover flood. Given that Haven's underwriting criteria says it would cover flood, for an extra premium, I also think it needs to ensure this endorsement is removed from Mrs M's policy. But, I'm aware her policy ran from November 2023-24, so it's important I say that this is a historic action. I'd ask that the parties liaise to see whether this endorsement needs to be removed from the old policy or not, and any new policy Mrs M may have taken out with Haven.

I've also considered Haven's claim response, which was reasonable. But, as I don't think it fairly declined her claim, I can see Mrs M has been caused significant distress and inconvenience by its actions. I've thought carefully about this, and consulted this service's guidelines on compensation, and I think the appropriate amount should be set at £350.

My final decision

It's my final decision that I uphold this complaint. I direct Haven Insurance Company Limited to:

- Settle Mrs M's claim for flood proportionally in line with the remaining policy terms. Interest at 8% simple should be added to amounts already paid by Mrs M from the date she paid them to the date this payment is made.*
- Pay Mrs M £350 for her distress and inconvenience caused by its decision to decline her claim.
- Remove the policy endorsement applied to the policy excluding flood, if needed and as discussed between the parties.

*If Haven Insurance Company Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mrs M how much it's taken off. It should also give Mrs M a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Haven Insurance Company Limited must pay the amount within 28 days of the date on which we tell it Mrs M accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 11 July 2025.

Richard Sowden
Ombudsman