

The complaint

Mr and Mrs K complained that Lloyds Bank General Insurance Limited (“Lloyds”) unfairly declined their claim and cancelled their home insurance policy, following damage caused by an escape of water.

References to Lloyds include its agents and contractors.

What happened

Mr and Mrs K’s son contacted Lloyds to make a claim, on their behalf, on 20 January 2024. This was after he had found a water leak that originated from a pipe connected to their boiler. They said he noticed the damage when he returned to the property, having had a night out. By this time the water had caused extensive damage.

Mr and Mrs K said the damage was assessed by Lloyds. It then took a long time validating the claim. This is the subject of two previous complaints that our service has also considered. Lloyds paid Mr and Mrs K compensation for service failures in relation to those complaints. For clarity the complaint considered under this reference covers the period from 10 October 2024 up to 4 April 2025.

In October 2024 Lloyds declined Mr and Mrs K’s claim. It said they had given inaccurate information regarding the occupancy of the property. Under its policy terms and conditions relating to fraud, this meant there was no cover in place. Lloyds confirmed it was cancelling the policy from the date the claim was first made for reasons of fraud.

Mr and Mrs K didn’t accept what Lloyds had said and complained. Lloyds responded in November 2024. It said it wasn’t appropriate to decline their claim at the time it did and so it paid them £100 compensation. The business confirmed it would reconsider the matter and requested further information in support of Mr and Mrs K’s claim. Once this information was received the business responded again in February 2025. In this response it confirmed it was maintaining its decision to decline the claim for reasons of fraud.

Mr and Mrs K didn’t think Lloyds had treated them fairly. They said their son was living at their property, which meant it was occupied at the time the damage occurred. They also said that Lloyds had influenced their neighbours into making a claim against their policy. Lloyds sent a further complaint response in April 2025. It didn’t alter its earlier findings and so Mr and Mrs K referred the matter to our service.

Our investigator didn’t uphold their complaint. She thought Lloyds had provided a persuasive argument to support its decision to decline Mr and Mrs K’s claim and cancel their policy.

Mr and Mrs K didn’t agree with our investigator’s findings and asked for an ombudsman to consider their complaint.

It has 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.

Having done so I'm not upholding Mr and Mrs K's complaint. Let me explain.

Lloyds declined Mr and Mrs K's claim on the basis that they had committed fraud to benefit from cover they were not entitled to. It believed the property was unoccupied at the time of the loss. Under its terms it said there is no cover in these circumstances where the insured property is unoccupied.

It's not for our service to determine whether fraud has been committed. My role here is to consider whether Lloyds treated Mr and Mrs K fairly in making the decision it did.

Lloyds has relied on the following policy terms:

"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."

I think this term is clearly explained and prominently set out in Mr and Mrs K's policy booklet. We don't think it's unfair for an insurer to be able to decline a claim and cancel a policy in circumstances where fraud is identified. So, I've carefully examined the evidence Lloyds relied upon to see if it treated Mr and Mrs K fairly and reasonably.

The claim records show that Mr and Mrs K's son (I'll call him Mr Y) told Lloyds he was occupying the property. This was whilst his parents were staying with his sister elsewhere in the UK. However, in an earlier discussion, between Lloyds and Mr and Mrs K's representative (this individual provided access to the property), he said they were out of the country – and that only Mr and Mrs K lived at the property.

The records show that when this was queried with Mr Y he said his parents couldn't travel because they are elderly. He said he was unsure why the representative had said what he did. Mr Y told Lloyds the representative had been diagnosed with a condition that can affect his memory.

I've read a statement provided by Mrs K. In this she confirmed both she and her husband had left the UK on 10 October 2023 and returned on 20 February 2024. She said Mr Y was living with them and was occupying the property whilst they were away. Mrs K confirmed that Mr Y had a house with his wife, but they had separated, and he now lived with them. She said she didn't know why Mr Y had said they were unable to travel. Mrs K also confirmed that the risk address was owned by her daughter and her husband.

Lloyds asked for an explanation why Mr Y had said Mr and Mrs K couldn't travel and were staying with his sister in the UK. It said if Mr Y was living with them, it seemed unlikely that he would not know where they were. I can see that this point was queried several times. I

can't see that a clear response was provided. Lloyds was concerned that inaccurate information had been provide by Mr Y, and Mr and Mrs K, given the clear discrepancy around where they were at the time of the loss. I think Lloyds's concern was justified. The business highlighted the following policy condition:

"Making changes to your policy

It's important that you keep us up to date with anything that might affect your policy. If any details change., you'll need to let us know straight away. If you don't we might not be able to pay some or all of your claim. We could also cancel the policy.

...We've listed the things you need to tell us below. You need to tell us about the following things before they happen.

...You're leaving home for longer than 30 or 60 days in a row with no-one living there. Check your policy schedule to find out which period applies to you."

I've checked Mr and Mrs K's policy schedule. It confirms their property won't be left longer than 60 days with no-one living there. It's common for insurers to include an occupancy condition in their policy terms. This is because an unoccupied property presents a greater risk. It's more at risk of damage due to break-ins and vandalism. In addition, incidents such as an escape of water, can go unnoticed for longer periods resulting in greater damage and costs to repair. So, Mr and Mrs K were required to inform Lloyds if their property was to be unoccupied for longer than 60 days.

Mr and Mrs K confirm they were out of the country for just over 130 days. They didn't inform Lloyds about this. I can see from its submissions that it had been informed of their regular trips abroad in previous years. But not on this occasion. I acknowledge Mr and Mrs K's comments that this is because their son was staying at the property. So, I've considered the questions Lloyds asked them about Mr Y and the evidence that was provided to show he was staying at their home.

Mr Y provided evidence to show his car's V5 logbook and insurance was registered at the address where his wife lives. The council tax at this address was in both Mr Y and his wife's name. Lloyds commented that this indicates Mr Y lived there as otherwise a single occupancy discount had been forgone. Additionally, Mr Y provided evidence to show a mobile phone registered at a different address, not the insured property. I've seen details of a bank account for Mr Y that is registered at his parent's address. But I think Lloyds makes a fair point that it would expect more evidence to support he was living at the risk address. Particularly as Mrs K confirmed in her witness statement that he had been living there for around 18 months prior to their loss claim.

I've looked at the utility bills Mr and Mrs K sent to Lloyds. This was to show that the property had been occupied whilst they were out of the country. The business said this didn't show the level of consumption that is expected if someone was living there over the winter months.

From the bills provided the gas and electricity usage is around what would be expected based on average consumption shown on the energy regulator's website. So, I don't think this supports Lloyds's argument.

As part of its validation process Lloyds spoke with Mr and Mrs K's neighbour. The neighbour provided a statement that explained damage due to water ingress was noticed on a party wall with Mr and Mrs K's property. This was first observed 'a few days' after returning from holiday on 1 February 2024. The neighbour said she called Mr Y on 12 February to discuss

the damp issue that they believed originated at his parent's house. She said Mr Y confirmed he'd found the leak a few days earlier. He said he'd been passing and had decided to 'pop in' which is when he found the leak.

The neighbour stated that they hadn't noticed Mr Y at the property. She said he had a distinctive car that she and her husband would have noticed if he was staying there. She also said that Mr Y indicated it had been lucky he went round when he did as the ceiling could have collapsed. Suggesting he hadn't been living there.

In her statement the neighbour said she thought Mr and Mrs K were out of the country, as they regularly did so over the winter. But she said they seemed to have been gone for much longer this time. She noticed that the blinds were closed, and she hadn't seen Mrs K 'coming and going' which she normally would. The neighbour said Mr and Mrs K had previously let them know when they were going away – but not on this occasion. The neighbour was clear that she didn't think Mr Y had been living at the property.

The neighbour's statement supports Lloyds's concerns that Mr Y was not living at the insured property.

I've read the reports that show the level of damage and damp that was reported in Mr and Mrs K's home. The damage was extensive affecting the hallway, kitchen and the lounge. Lloyds explained that it would not expect this level of damage unless the leak had been ongoing for a longer period than had been suggested by Mr Y and his parents. It said Mr Y had described a split pipe/connection that was leaking water. Lloyds didn't think the extensive damage it found had occurred over the period Mr Y was supposedly out of the house.

Having considered this evidence in detail, I think it was reasonable for Lloyds to have concerns about the occupancy of Mr and Mrs K's property. Mr Y clearly gave false information regarding the whereabouts of his parents. Lloyds is concerned this is because he was aware of its policy conditions regarding unoccupancy. It believes false information was provided so that Mr and Mrs K could unfairly benefit from its policy cover. This is supported by the information Mr and Mrs K's representative gave, and their neighbour, which strongly indicates Mr Y wasn't living at the insured address. Mr Y hasn't provided clear evidence to show he had been living at the property. He has links to several properties, I understand this is because he acts as the manager for the family's property portfolio. But I would expect to see more information that shows he was resident at this address. This could also include letters or parcel deliveries addressed to Mr Y at the insured address. But Lloyds confirmed Mr Y was unable to provide this evidence.

Lloyds has provided its underwriting criteria. This shows it would not have accepted Mr and Mrs K's home being unoccupied had they advised it of this in-line with their policy terms. So, I don't think it treated them unfairly when it decided false information had been provided to gain a benefit they weren't entitled to. This means I don't think it was unreasonable for the business to rely on its fraud condition to decline the claim, and to cancel Mr and Mrs K's policy from the date the claim was made.

I've thought about Mr and Mrs K's concern that Lloyds didn't consider all the evidence provided in support of their claim. But the records show that a comprehensive consideration of the claim has been carried out. I acknowledge the last complaint response is largely the same as the original decline letter. But I'm satisfied that Lloyds has considered all relevant evidence.

As discussed, Mr and Mrs K raised two earlier complaints about their claim with Lloyds. I'm not considering the issues included in those complaints here. They have already been

reviewed by our service. Compensation has been paid by Lloyds in relation to the service it provided over this period. The timeframe I'm considering in my decision is from 10 October 2024, which follows on from the previous two complaints.

During this period Mr and Mrs K disputed the decline decision and the decision to cancel their policy. They were given the opportunity to provide additional evidence and comments, which they did by January 2025. Lloyds responded in early February maintaining its original decision. This was followed up with a further complaint response in early April.

For the period I'm considering I don't think Mr and Mrs K were treated unfairly. Lloyds confirmed its reasoning for the decline and cancellation in October 2024. Time was allowed for Mr and Mrs K to provide additional information. This was considered and it made no difference to the outcome. I don't think that the timeframes involved were unreasonable in the circumstances described.

In summary I don't think Lloyds treated Mr and Mrs K unfairly when it declined their claim and cancelled their policy for the reasons it gave. So, I can't reasonably ask it to do anymore.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K and Mrs K to accept or reject my decision before 30 November 2025.

Mike Waldron
Ombudsman