

## **The complaint**

Mr and Mrs J complain that Advantage Insurance Company Limited (Advantage) unfairly declined a claim they made on a home insurance policy.

## **What happened**

Mr and Mrs J held a home insurance policy with Advantage. They made a claim for damage caused by a water leak.

Advantage declined cover for the claim after it carried out investigations. It said it believed Mr and Mrs J had exaggerated the value of the claim and concealed Mr J's involvement with a loss assessor who'd been providing estimates to Advantage. It also said there were inconsistencies in the account given of the date of the leak being discovered and that damage being claimed didn't appear to be linked to the leak. It referred to the fraud condition contained in the policy terms and conditions, and cancelled Mr and Mrs J's policy.

Mr and Mrs J were unhappy and complained to Advantage, and then our service. Our investigator thought Advantage had acted reasonably. Mr and Mrs J didn't agree and asked for an ombudsman's 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.

When it declined Mr and Mrs J's claim, and cancelled their policy, Advantage referred to the fraud condition of the policy terms and conditions, which says:

"You must not act in a fraudulent manner. If you, or anyone acting for you:

- Knowingly provide information to us that is not true
- Deliberately mislead your insurer or us in any way in order to get insurance from us, obtain more favourable terms or reduce your premium, or gain an improper advantage from a claim
- Make a claim under the policy knowing it to be false or fraudulently exaggerated in any respect
- Submit a document in support of a policy or claim knowing the document to be forged or false in any respect
- Make a claim for any loss or damage caused by your willful act or with your knowledge. Then, depending on circumstances:

Your insurer may be entitled to refuse to pay the claim to which the alleged fraud or falsehood relates. They may also be entitled to cancel or avoid the policy without refunding your premium

All other policies you have entered into through us, to which you are connected (including car, van and bike insurance), may be cancelled and your insurer will only give you a pro-rata refund

Your insurer may inform the police of the circumstances of the claim."

My role here isn't to decide whether Mr and Mrs J submitted a false or exaggerated claim, as that can only be properly determined by a court. However, I can say whether Advantage's actions when it investigated the claim, and the conclusions it reached about the validity of the claim, were reasonable.

I think it's fair to say that for Advantage to refer to the fraud condition highlighted above, it needs to have reasonable, serious concerns about the claim. Referring to this condition, and cancelling the policy, is a high bar, and so there needs to be something substantive to suggest the claim is either false or exaggerated. I'd also expect Advantage to have highlighted its concerns, setting out its reasons, and offered Mr and Mrs J the opportunity to respond to these. Advantage would need to demonstrate it had considered the explanations given by Mr and Mrs J, and then detailed why it didn't accept them.

There's no dispute that Advantage has set out its concerns to Mr and Mrs J, and also that Advantage didn't accept the explanations given by Mr and Mrs J. That resulted in the claim being formally declined and the policy cancelled. The subsequent complaint made by Mr and Mrs J is what I'm considering.

It therefore seems to me that I need to determine two main points. Firstly, whether Advantage had reasonable grounds to question the validity of the claim, and secondly whether it fairly declined the claim and cancelled the policy after receiving Mr and Mrs J's explanations.

Advantage's concerns can, I think, be grouped into three main categories:

- That Mr J's involvement with the loss assessor who represented them in initial dealings with Advantage wasn't disclosed.
- The costs submitted by the loss assessor were excessive and included repairs for damage unrelated to the leak.
- The date of the leak and damage being discovered was inconsistent.

I'll firstly address the matter of Mr J's relationship to the loss assessor, as that impacts the second point relating to the costs. Advantage noted that Mr J had sent correspondence to it during the early stages of the claim saying he was a loss assessor appointed by Mrs J as the policyholder. During a phone call with Advantage, Mr J confirmed he was the loss assessor, and then when asked confirmed he was Mrs J's husband, and Advantage said he was a joint policyholder. Mrs J, in a previous phone call, had indicated the loss assessor had been recommended by a friend or family member.

I think, based on the records of contact between Advantage and Mr and Mrs J, that Advantage made a reasonable conclusion that an attempt had been made to conceal Mr J's role as a loss assessor, and that he'd posed as the loss assessor with no financial interest in the claim or property, when he was actually a joint policyholder.

I think it was fair to question why Mr J sent emails saying he was a loss assessor, and Mrs J had said the loss assessor had been recommended to her. I can't see any reasonable explanation has been given by Mr and Mrs J for why they didn't at the outset say that Mr J was the loss assessor. I'm aware of Mr J's position that he was inexperienced as a loss assessor and was receiving guidance and advice from an experienced colleague. However, I accept that Advantage could conclude that this didn't explain why he didn't disclose, until asked, that he was the person who'd identified themselves as the loss assessor appointed by Mrs J.

It would seem as well that Advantage's concerns around costs and repairs being exaggerated are linked to Mr J's role as the loss assessor. In summary, Mr J, when he

identified himself as the loss assessor (ie before he disclosed he was the joint policyholder) sent an estimate of costs for the repairs totalling in excess of £29,000. Advantage's surveyor estimated the repair costs at just over £2,200. Advantage considered that aspects of the repairs included in Mr J's estimate weren't related to the damage caused by the leak, particularly areas in the living room and to an alarm system.

Mr J indicated that he would remove certain elements of the estimate he submitted, but I think it was fair for Advantage to question why these were included in an estimate submitted by Mr J when he suggested he was an independent loss assessor. Advantage also noted that certain costs had been included based on estimates provided by a company Mr J was the director of, and considered those costs to be excessive. Mr J didn't disclose until asked by Advantage of his connection to that company, but denies the costs were excessive. However, I accept those costs were higher than what had been estimated by Advantage's surveyor. I'm conscious that Advantage is likely to receive beneficial rates from contractors which aren't available to the general public, but the difference in costs between Mr J's estimate and the surveyor is so large that I think it was reasonable for Advantage to question whether they represented an accurate amount for the repair of damage caused by the leak.

Advantage had established that these much higher than expected costs had been presented to it by Mr J at a time when he presented himself as the loss assessor acting on behalf of the policyholder, and didn't disclose the damage was to his own property. I can't conclude that Mr J's subsequent explanations, which seem to effectively be that the costs were submitted so that Advantage could carry out its own assessment and start a dialogue to resolve the claim, were enough to persuade Advantage that Mr J hadn't attempted to exaggerate the value of the claim. Mr J had submitted documents which included very high costs, for repairs to areas which didn't appear to have been damaged by the leak. Those documents were sent to Advantage by a "loss assessor" who they were told had been recommended by a friend or family member of Mrs J, who was in fact Mr J.

Finally, Advantage contends there has been an inconsistency in the date the leak, and damage, was discovered. Without going over exact dates, Advantage says that when the claim was initially reported, they were told the leak had caused damage a week or so before, but were then told it was around two weeks earlier. In later correspondence, it was suggested the leak had been noticed the previous month.

Advantage says this is relevant because there was a period where no insurance cover was in place to cover the policy which ended around 3 months before the claim was notified. It says that Mr and Mrs J being unable to consistently state when the leak occurred means that it questions whether the leak was known about during the period when no insurance cover was in place.

For their part, Mr and Mrs J say that their personal circumstances, including health of family members and other private matters, mean that they may have got dates confused but that they are certain the leak wasn't known about until after the policy cover with Advantage started.

I'm sympathetic to the difficult circumstances Mr and Mrs J experienced during this period, but do think it's fair for an insurer to say they need evidence of the date of an incident occurring where there are inconsistencies in that date and a period where there was no cover in place. Furthermore, I'd note that even if Advantage accepted the explanations offered by Mr and Mrs J, the matters relating to the disclosure of Mr J's role as the loss assessor and costs would have remained.

So on balance, I think that Advantage had reasonable grounds to question matters relating to the claim. While Mr and Mrs J provided responses to the issues identified, I think

Advantage took a justified decision that these didn't adequately explain these and remove the doubt they had about the validity of the claim. I think Advantage's decision to decline cover and cancel the policy was fair.

Finally, Mr and Mrs J have raised concerns about Advantage's conduct during the course of the claim. They think they were treated unfairly and Advantage breached the Financial Conduct Authority's Consumer Duty and the Chartered Insurance Institute (CII) Code of Ethics. They're particularly unhappy that as part of their enquiries, Advantage used information obtained from social media profiles to question the validity of statements and accounts given by Mr and Mrs J.

The Consumer Duty requires Advantage to treat customers fairly, including by not placing unnecessary obstacles in the way of Mr and Mrs J when they make a claim, and to treat them fairly during it. The Code of Ethics similarly requires Advantage to treat Mr and Mrs J fairly and act with honesty and integrity.

While I appreciate Mr and Mrs J are unhappy that Advantage undertook enquiries into their backgrounds, including personal matters and Mr J's connection to the loss assessor and related businesses, it seems to be accepted that the information it obtained was from open-source, publicly available profiles.

Advantage has a right to carry out reasonable enquiries to validate claims, and nothing I've seen suggests that the enquiries it made were unreasonable or unethical. It obtained information which led it to question the validity of the claim presented by Mr and Mrs J and put this to them. As I've said before, this is what I'd expect it to do. I've seen nothing to suggest that it obstructed or delayed the claim unnecessarily or that its actions breached the Code of Ethics.

### **My final decision**

I don't uphold Mr and Mrs J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J and Mrs J to accept or reject my decision before 22 October 2025.

Ben Williams  
**Ombudsman**