

The complaint

Ms G and Mr H are unhappy that Lloyds Bank General Insurance Limited (“LBG”) cancelled their home insurance policy.

The buildings and contents policy was held in joint names but, for ease of reading and because she brought the complaint, I’ll refer mainly to Ms G throughout my decision. When I refer to what Ms G said, or LBG said, it should be taken to include anything said on their behalf.

What happened

The background to this complaint is well-known to both parties, so I’ve summarised what I think are the key events.

In October 2024, Ms G’s rings were stolen. She reported the theft to the police and made a claim under her home insurance policy. LBG assessed the claim and identified that when Ms G bought the policy, she declared making one claim in the previous three years instead of two.

LBG asked Ms G to explain why she hadn’t declared one of the claims. Shortly afterwards, Ms G withdrew her claim. She told LBG that the police had found her rings, so she no longer needed to make the claim. LBG asked again for reasons why she didn’t declare both claims, but Ms G felt it was irrelevant because her policy had expired, and she wasn’t making a claim anyway.

After it explained why it needed the information, Ms G told LBG that she’d simply forgotten about the first claim, which was one paid in January 2021. LBG told Ms G that if she’d declared both claims, it would never have offered her a policy. It voided the policy in line with the rules for careless misrepresentation, and refunded Ms G’s premium.

Ms G complained to LBG. She thought it wasn’t necessary to void her policy when it had already expired; that refunding her premium was more costly than just leaving matters alone, and that it was malicious to cancel the policy and record it on the insurance database because she’d be affected financially through future insurance premiums.

LBG issued a final response in which it said it was entitled to cancel the policy for the reasons it gave, and it maintained that decision. It paid Ms G £75 for failing to explain its decision more clearly when it had spoken to her, and for failing to follow up with a detailed letter of explanation.

Ms G brought her complaint to us.

Our investigator didn’t uphold the complaint. He thought LBG had cancelled the policy in line with the relevant rules. Ms G said she knew LBG had cancelled the policy correctly in respect of the rules, but she didn’t think it was fair in the circumstances to record the cancellation on the industry database. She also pointed out that she’d experienced distress and inconvenience because of LBG’s actions. Our investigator explained that LBG hadn’t

done anything wrong so he couldn't reasonably ask LBG to pay compensation for the distress Ms G had suffered.

Ms G didn't agree with our investigator, and she asked for an ombudsman 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've decided not to uphold Ms G's and Mr H's complaint for broadly the same reasons as our investigator.

To begin with, I'll clarify the rules under which I've considered this complaint. The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA) requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer.

Ms G has confirmed that she'd made two claims, but she'd forgotten one of them when she bought the policy. That's why she didn't declare it. LBG has provided details of its underwriting criteria which confirmed that it would never have offered Ms G a policy had she declared two previous claims. Therefore, LBG voided the policy. This is a remedy available to it under CIDRA where a qualifying misrepresentation has been made.

LBG is entitled to keep the premium where a qualifying misrepresentation has been made and which it considers was deliberate or reckless. Here, LBG treated the misrepresentation as careless, which is more favourable for Ms G because the premium was refunded. This, too, is set out as a remedy under CIDRA.

I haven't gone into detail about the misrepresentation because, based on her submission to us, Ms G hasn't disputed that she gave the wrong information or that LBG had the *right* to do everything it did in line with the remedies available to it under CIDRA.

Ms G's complaint is that it wasn't right to cancel her policy and record that on the industry database. In this context, by saying it wasn't "right" to cancel, I understand she means it wasn't "fair". Ms G said it was a malicious act which served only to cause her financial detriment.

While I understand that Ms G made a mistake when she bought the policy, it remains that it was her duty to make sure she provided correct information. I accept the point she makes about not contacting the previous insurer to check her claims because she just didn't think she'd made more than one. So, it wasn't a matter of Ms G being unsure and just not bothering to check. But that doesn't change the fact that she gave incorrect information, and LBG only offered the policy on the basis of her having made one claim.

Ms G said LBG needn't have cancelled the policy because it had already expired, and doing so was vindictive. While the word cancelled has been used throughout the complaint, LBG stated in its letter to Ms G that it had voided the policy. So LBG didn't just cancel it – in effect, its actions meant that the policy had never existed. I'm satisfied that LBG acted in line with CIDRA when it voided the policy.

Not all insurers submit information to the industry database, but those which are registered to do so ought to provide accurate information. LBG is one which provides information, so it had a duty to record the accurate status. I'd expect LBG to treat Ms G in the same way as it would treat other customers in the same situation, so I see no reason to ask it to amend any

of the information it submitted.

As a final point, I note Ms G has asked for consideration of the distress and inconvenience caused. If LBG had caused the distress and inconvenience, and it was because of something it had done wrong, I'd have considered whether compensation was warranted. But, as I've said above, I don't find that LBG did anything wrong by voiding the policy and refunding the premium. I see LBG paid £75 compensation for a shortfall it identified in not explaining matters properly or following up with a letter after speaking with Ms G. Although Ms G said she didn't know what that was for, I'm satisfied that LBG explained the reason in its final response.

Overall, I think LBG voided the policy fairly and reasonably, in line with CIDRA, and I haven't seen anything that LBG needs to put right.

My final decision

For the reasons I've given, my final decision is that I don't uphold Ms G's and Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G and Mr H to accept or reject my decision before 29 August 2025.

Debra Vaughan
Ombudsman