The complaint

Ms F and Mr K complain that Lloyds Bank General Insurance Limited declined a claim and voided their home insurance policy.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my 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.

The key considerations under this complaint are the principles set out in the Consumer Insurance (Disclosure and Representations) Act 2012 ("CIDRA"). This is designed to make sure that consumers and insurers get an appropriate remedy if a policyholder makes what is called a "qualifying misrepresentation" under the act.

A misrepresentation is a "qualifying misrepresentation" when 1) a consumer fails to take reasonable care not to misrepresent facts which the insurer has asked about, and 2) the insurer shows that without the misrepresentation it would not have entered into the contract at all or would have done so only on different terms. If there is no qualifying misrepresentation, the insurer cannot take any action.

I've looked to see if Ms F and Mr K failed to take reasonable care. The standard of care required is that of a reasonable consumer. And one of the factors to be considered when deciding if a consumer has taken reasonable care is how clear and specific the questions asked by the insurer were.

Ms F and Mr K took out the policy online in December 2023. Lloyds has shown that it asked the following question during the online journey:

> *"How many paid claims have you had in the last 5 years?"*

And the customer would see the following help text:

> *"By 'paid claim' we mean you've made a claim and received payment or had something fixed or replaced"*

I think this question was clear, and Lloyds has shown that Ms F and Mr K had three claims paid during the relevant period. But they only declared one from April 2021.

Ms F and Mr K have said that the one they declared was a claim under a separate home emergency policy, so it shouldn't be taken into account. But I can see that this claim shows as a claim under Ms F and Mr K's buildings insurance cover, and Lloyds has confirmed a payment was made under this cover. Lloyds' notes suggest this claim was following a claim Ms F and Mr K made under their home emergency cover. Overall, I'm satisfied Ms F and Mr K should have declared this claim when taking out the policy, as they did.

Ms F and Mr K also made two further claims under their contents insurance policy. These are the ones they didn't declare when taking out the policy. These claims were made a day apart in August 2021, and Ms F and Mr K say they should be considered as one claim.

But it's clear that these claims related to two separate incidents. So, I think Lloyds acted fairly and reasonably when it considered them as separate claims and said that Ms F and Mr K should have declared them in response to the question it asked about paid claims. This is because it made a payment on both claims.

Having considered everything, I'm satisfied that Ms F and Mr K should have declared three paid claims in response to the clear question Lloyds asked when they took out their home insurance policy in December 2023. As they didn't, they failed to take reasonable care.

It's clear that Ms F and Mr K have been through very difficult times that have had a significant impact on them. But I can't see that this is something Lloyds was aware of during the sales process, as they took out the policy online. And the onus was on Ms F and Mr K to take reasonable care not to make a misrepresentation.

I appreciate the claims Ms F and Mr K needed to declare were all made under their previous policy with Lloyds. But there had been a gap of two years between the policies, and I haven't seen anything to suggest that Lloyds, for example, told Ms F and Mr K that it would check their records for previous claims during the sale.

Overall, I think Lloyds acted fairly and reasonably by relying on a declaration made by Ms F and Mr K when they took out the policy.

I'm satisfied that Lloyds has shown that had Ms F and Mr K declared the three paid claims, it wouldn't have sold them the policy. So, that means that under CIDRA, Ms F and Mr K made a qualifying misrepresentation.

Lloyds hasn't considered that Ms F and Mr K did so deliberately or recklessly, and it would be for Lloyds to show this was the case. This means that Lloyds should consider the misrepresentation to be careless, as it has done. In this situation, the remedy available to Lloyds under CIDRA is to void the policy from inception – this means to treat it as if it never existed – and refuse all claims. Lloyds should then refund the premium Ms F and Mr K paid. This is what Lloyds has done, so I don't think there's anything else it needs to do, to put things right.

I'm sorry to disappoint Ms F and Mr K, but for the reasons I've explained, I don't think Lloyds has acted unfairly or unreasonably in the circumstances of their complaint. I've considered everything Ms F and Mr K have said, but I don't think I could fairly ask Lloyds to take action that departs from the relevant law in the circumstances.

My final decision

My final decision is that I don't uphold Ms F and Mr K's complaint.

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

Renja Anderson
Ombudsman