

The complaint

Mr C is unhappy that Lloyds Bank General Insurance Limited (Lloyds) has voided his home insurance policy, refunded the premiums he'd paid and declined his claim.

What happened

On 29 December 2023, Mr C took out a home insurance policy with Lloyds, which included buildings and contents. Lloyds is the policy underwriter.

On 20 July 2024, Mr C reported water damage to the property, and he submitted a claim to Lloyds. The claim was assessed, and Lloyds voided the policy due to non-disclosure at the point the policy was inception. It explained that Mr C hadn't disclosed the property was part of a business and had Lloyds been made aware of this, the cover would have been refused.

Mr C made a complaint to Lloyds. He said there was no active business present at the property and it only resumed operations in 2025. Lloyds maintained its position to void the policy and decline the claim.

Unhappy Mr C brought his complaint to this service. Our investigator didn't uphold the complaint. She didn't think Lloyds had acted unfairly in voiding the policy.

Mr C disagreed and asked for the complaint to be referred to an ombudsman. So, it's been passed to me.

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.

First, I'd like to reassure Mr C that whilst I've summarised the detailed background to his complaint and his submissions to us, I've carefully considered all he's said and sent us. Within this decision though, I haven't commented on each point he's raised and nor do our rules require me to. Instead, I've focused on what I consider to be the key issues.

Lloyds maintains its position to void Mr C's policy from inception and decline the claim due to non-disclosure or misrepresentation.

The relevant law in this case is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This 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.

And if a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is - what CIDRA describes as - a qualifying misrepresentation. For it to be a qualifying misrepresentation the insurer must show it would have offered the policy on different terms or not at all if the consumer hadn't made the misrepresentation.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take

reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

I've gone on to think about this when looking at Mr C's complaint and his individual circumstances. Lloyds has said Mr C failed to take reasonable care not to make a misrepresentation when he didn't disclose information he should have when the policy was taken out.

Lloyds said Mr C was required to answer the following question:

'Is the property used for business?'

Mr C answered 'No' to this question.

I think the question was clear. I'm also satisfied the above question wasn't answered accurately. I say this because Lloyds says there's evidence that Mr C was running a business on the land it insures. And had he disclosed this to Lloyds, the policy would have been declined at the outset.

I note Mr C said in an email dated 11 November 2024 to the loss adjuster that the business *'is a hobby, which was established in 2006. The business which is a [...] is totally separate to the house and operates from the separate land, not the occupied house where the damages have occurred and where the policy is instructed.'*

Mr C didn't deny the business existed in this email. I don't agree that the business operated on a separate piece of land from the house, but I do understand, in his mind, why Mr C might have thought this. Information about the whole property – the land and the house – shows they are both part of the one property.

Lloyds says there's evidence that shows the business to be active; online reviews of the business were shown to be from 2023 and 2024. And accounts from 2023 and 2024 were also shown on the Companies House website.

In Mr C's application for the policy, he confirmed that his employment to be a *'horse breeder'*. He's, however, said the horse breeding business had ceased trading long before the insurance policy was taken out in December 2023. Whilst I appreciate Mr C's comments, I haven't seen sufficient evidence from Mr C to explain why he stated his occupation to be *'horse breeder'* in December 2023. If he wasn't breeding horses, it's not clear why he would state that as his main occupation. Mr C says he's a hospitality consultant, but this wasn't stated as his occupation in December 2023 when he completed the policy application. So, I'm more persuaded that the business was active, than not, at the time the policy started.

And whilst online reviews may not necessarily demonstrate that transactions took place during 2022-2023, I can see the reviews were posted within this period. For example, there's a review from October 2023. And another one refers to a sale around November/December 2023 and mentions Mr C. I find it unusual for people to generally post reviews from sales that happened too far in the past.

I agree that a company can remain registered while dormant, but there's evidence in the form of online reviews which on balance are more persuasive to me and which show sales most likely took place in 2022-2023. So even if the company has not shown activity, that doesn't mean that sales didn't take place.

Lloyds says Mr C had a duty to disclose that the business was active and he didn't do this,

so its decision to void and decline the claim are correct.

Mr C answered the application questions in December 2023. I understand he moved back into the property in June 2024. But he still had the responsibility to answer the questions fully and accurately. He also had the responsibility to update Lloyds if his circumstances changed and there's no evidence that he did do this. The policy states that Lloyds would need to know about changes to if the home was being used for business or professional purposes. And the policy states that if questions were not answered fully and accurately, the policy could be invalidated and result in all or part of a claim not being paid.

Mr C says Lloyds has the burden of providing proof that his business was active at the time of the policy being incepted in December 2023. Based on the information I've seen, I think Lloyds has provided sufficient evidence which shows there was activity relating to the business. I don't agree that Lloyds made the decision to void the policy without a proper investigation. I can see that a loss adjuster was appointed and its report highlighted that the social media pages showed horses for sale as recent as two days prior to the report dated 8 October 2024.

Based on all the information, I'm not persuaded that Mr C answered the question fully and accurately.

So, I've gone on to think about whether failing to take reasonable care makes a difference in this case. Under CIDRA, Lloyds has classified the qualifying misrepresentation as a careless one.

Lloyds has provided underwriting evidence which shows what would have happened if the correct information had been entered at the time of taking out the policy in December 2023. It said had the question been answered accurately, it wouldn't have offered Mr C cover on the policy. Lloyds has voided the policy and refunded the premiums paid to Mr C. I've carefully reviewed the underwriting evidence. This shows that had Mr C completed the question correctly in December 2023, the policy would not have been offered to Mr C. This means, I'm satisfied Mr C's misrepresentation was a qualifying one.

CIDRA sets out the remedies available to an insurer in the case of a careless misrepresentation. CIDRA is concerned with disclosure and representations made by a consumer to an insurer before a consumer contract is entered into or varied. And the law sets out the specific actions an insurer can take where the misrepresentation was a qualifying one.

Taking everything into account, I'm satisfied there was a careless misrepresentation in 2023, and this is considered to be one that's qualifying under CIDRA. So, I don't think it's unfair or unreasonable that the policy has been voided, the premiums have been returned to Mr C, and the claim has been declined.

I realise the strength of feeling Mr C has on this matter so I'm sorry to disappoint him. However, it follows that I don't require Lloyds to do anything further.

My final decision

For the reasons given above, I don't uphold Mr C's complaint about Lloyds Bank General Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 11 February 2026.

Nimisha Radia
Ombudsman