

## **The complaint**

Miss P is unhappy with the decision made by Lloyds Bank General Insurance Limited (Lloyds) following a claim made under her home insurance policy.

## **What happened**

Miss P took out home insurance with Lloyds. The policy booklet explained the following:

*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 your 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. You'll also need to tell us if your home doesn't have the things in it that are needed to live normally. For example, to cook, wash and sleep.*

### **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*

In January 2024 Miss P contacted Lloyds to make a claim after she discovered an escape of water that had caused damage to her home.

Lloyds further investigated Miss P's claim, including an interview with Miss P. Lloyds requested further information to clarify the claim circumstances. Miss P provided some of the information requested, but for other information said it wasn't relevant to the scope of the claim so didn't provide Lloyds what it had asked for.

Miss P was told her claim had been declined, her policy cancelled from the date of her claim, and that she wouldn't be receiving a refund of her remaining premium and that these actions had been taken in line with the terms and conditions for fraud. Lloyds accepted there were

some instances of poor communication with Miss P. Lloyds paid Miss P £200 in recognition of this poor service and the impact on Miss P.

Miss P was unhappy with this response and brought her complaint to the Financial Ombudsman Service. The Investigator found that Lloyds had acted reasonably in applying the fraud terms of the policy, and declining Miss P's claim. The Investigator didn't ask Lloyds to do anything in settlement of Miss P's complaint. Miss P rejected these findings. As the complaint couldn't be resolved, it has been passed to me for 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.

I'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that has happened or been argued is set out above, I've read and considered everything that has been provided.

I thank Miss P for taking the time to explain her personal circumstances and everything that has happened since the incident in her home in January 2024. I understand it was a difficult time for Miss P, and she has continued to feel the impact of this incident long after.

#### *Decline of claim and fraud*

Fraud is a serious allegation. We expect an insurer, when alleging fraud has occurred to be able to support its allegation with clear strong proof which shows its conclusion is fair and reasonable. A list of concerns and discrepancies in accounts of events will rarely be seen to be sufficient to satisfy this service that it's reasonable for the insurer to rely on a breach of the fraud condition within the policy to decline a claim and cancel a policy.

I appreciate Miss P is frustrated by Lloyds's findings on her claim. Miss P feels strongly that her evidence and version of events haven't been given proper consideration when assessing her claim. But we're not claim handlers. So as part of this decision it's not within my scope to say whether Miss P has acted fraudulently, or not.

When we investigate a complaint about an insurer's decision on a claim, our role is to consider whether the insurer handled the claim in a fair and reasonable manner. So, I've considered if it's fair and reasonable for Lloyds to have applied the fraud terms to refuse Miss P's claim. Having done so, I think it is. I realise this will bring disappointment for Miss P, but I'll explain why.

Lloyds raised concerns with Miss P about the information she'd provided about both the circumstances of the claim, and whether she'd been residing at the insured address at the time of the reported incident. I won't list all of those concerns here. I have reviewed the correspondence between Miss P and Lloyds, and I'm satisfied Lloyds's questions to Miss P were reasonable and in line with what we'd expect in the circumstances.

I recognise what Miss P has said about Lloyds's questions being irrelevant and unrelated to assessing her claim. But I don't agree. We'd expect an insurer to investigate a claim to ensure that the policy terms have been met before any decision to pay the claim is made. Given the value and complexity of Miss P's claim, as we often see with escape of water claims, I'm persuaded the level of scrutiny and interrogation of Miss P's version of events was fair and reasonable.

Lloyds's own investigation had found inconsistencies in what Miss P had disclosed about how the insured address was being used at the time of the incident, and whether it was occupied. Lloyds asked Miss P to provide evidence such as utility bills, and a mandate from the estate agent that her previously listed her property for sale, in order to satisfy itself that it was dealing with a valid claim, and that the policy terms had been met. I'm satisfied Lloyds's requests were reasonable and proportionate to what we'd expect for a claim of this type.

I recognise the impact on Miss P because of Lloyds decision on her claim and policy. But having considered Miss P's representations alongside Lloyds requests for information which were declined, I'm satisfied Lloyds's actions have been fair. Lloyds didn't have the information it needed and so it could only reach a decision about the claim based on what Miss P has chosen to disclose. I recognise what Miss P has said about the information requests being excessive and unrelated. But given the value of the claim and the discrepancies noted, I'm satisfied Lloyds's request for further clarity was fair.

This situation has clearly left Miss P feeling stressed, upset, and financially out of pocket. But I can't ask Lloyds to pay for the claim, given what I've seen about the information provided, and lack of response, and what the policy terms explained about when a claim could be declined and policy cancelled. I haven't seen any evidence to persuade me that Lloyds's actions were wrong, or outside of the policy terms. So, I won't be asking Lloyds to take any further action in response to this complaint.

### *Asbestos*

Miss P says Lloyds should pay for the damage caused by its contractor when drilling holes in different parts of her home to check for asbestos before the claim had been validated. Miss P says she has been left with the repair cost for this damage. Lloyds say this damage would've needed repairing in any event because of the escape of water incident, and the actions taken by its contractor were in line with what you'd expect before validating a claim.

It's not disputed that the extent of the escape of water incident meant that any remediation steps would've been extensive and time-consuming. It's usual in cases involving escape of water for an insurer to complete steps on a 'without-prejudice' basis. This means taking steps that require more immediate attention at the earliest opportunity- before a claim has been validated. This includes things like testing for asbestos, and drying of a property, as any delay in these steps could impact the level of damage needing repairs later in the claim.

I note what Miss P has said about testing for asbestos causing damage to areas which were unaffected by the incident. And I've seen the builder's comments Miss P has provided in support of this. But this investigation and commentary is dated several months after the incident. I recognise this is the earliest opportunity Miss P might've had to instruct an expert, as that's when she started repairs to her home. But I can't ignore the earlier reports from Lloyds's contractors which show the impact of the incident across Miss P's home and provide persuasive reasoning for asbestos testing being needed at the time.

I'm also mindful that claims like this can involve decision making which is immediate and responsive based on the needs of the claim at the time. On balance I'm persuaded it was reasonable for any testing to have been completed early in the claim. Lloyds had no reason to believe at that point that the claim would be declined, as these concerns only became known later in the claim.

Given the circumstances, I'm satisfied Lloyds's actions on the claim have been reasonable. So, I won't be asking it to pay for any repairs to the damage Miss P has highlighted as a result of testing carried out to check for asbestos.

### *Claim handling*

It's not disputed that Lloyds's communication with Miss P was poor at times. Lloyds acknowledged correspondence with Miss P's solicitor without appropriate consent and told Miss P asbestos testing repair costs would be covered when this was later confirmed as being incorrect. I recognise the upset and frustration this would've caused. Having considered what went wrong with handling of the claim, I'm persuaded the £200 Lloyds has paid is reasonable and in line with what I'd direct in the circumstances.

I'm persuaded this recognises the communication with Miss P was lacking at times. This left Miss P feeling vexed and upset at a time that she was already feeling frustrated with the poor handling of her claim. I note Miss P's frustrations largely stem from Lloyds's decision to decline her claim. I've considered this carefully. But I'm satisfied the compensation paid recognises the impact on Miss P because what went wrong with the handling of the claim, but also that the outcome of the claim itself remains unchanged. So, I won't be asking Lloyds to pay anything more.

### **My final decision**

For the reasons provided I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 27 October 2025.

Neeta Karelia  
**Ombudsman**