

## **The complaint**

Ms H has complained that Lloyds Bank General Insurance Limited (LBGI) unfairly voided her home insurance policy (treated it as though it had never been in place) and declined her claim for theft.

## **What happened**

Ms H had a policy with LBGI whilst living at a previous address. When she was moving into her current address, she took out another home insurance policy online on 6 March 2025. In her application she confirmed to LBGI that she wasn't sharing the house with anyone who had a separate tenancy agreement at the property. She called LBGI to cancel the original policy.

On 7 March Ms H made a claim to LBGI after some cash and jewellery were stolen from her car. During the claim LBGI became aware that Ms H lived in a three-bedroomed house with two other people. They all had separate tenancy agreements. LBGI said it wouldn't have offered her cover if it had known that. It voided her policy, returned the premium and declined the claim.

Ms H was unhappy about this and referred a complaint to this service. Our Investigator didn't uphold the complaint. She didn't think LBGI had treated Ms H unfairly.

As Ms H didn't agree, the matter has been referred 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.

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 policy. The standard of care is that of a reasonable consumer.

If a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is what CIDRA describes as a qualifying misrepresentation where the insurer can show it would have offered cover on different terms or not at all if the consumer had given it accurate information.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. The remedy available to the insurer depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

When she applied for the policy, Ms H entered her address. She was asked whether she agreed with a series of assumptions about the insured address. One of the assumptions was that her home was only shared with up to two unrelated people only and they didn't have a separate tenancy agreement at the property.

Ms H selected “Yes” when answering the question “*Are all these statements true?*”. I’m satisfied this was a misrepresentation.

LBGI has shown us that if Ms H had told it that she and the other people who lived in the house had separate tenancy agreements, it wouldn’t have offered her cover. I’m satisfied that makes it a qualifying misrepresentation.

I think the question LBGI asked was clear and straightforward. I also think Ms H should have realised that she was giving LBGI incorrect information when she answered the question as she later showed LBGI’s loss adjuster a licence agreement which entitled her to occupy one room in the house. I’m satisfied that at the very least Ms H was careless.

LBGI classed the misrepresentation as reckless. Ms H has argued that she was at worst only careless and consulted a friend before answering this question. The remedy for reckless misrepresentation where the insurer wouldn’t have offered cover is that the insurer can void the policy, not deal with any claims arising under it and keep the premium. The difference for a careless misrepresentation is that the insurer must return the premium.

As LBGI chose to void the policy and return the premium, in effect it chose the remedy for careless misrepresentation. So even if I decided the misrepresentation were careless as opposed to reckless, I still wouldn’t require LBGI to do any more.

Ms H has also argued that her claim had nothing to do with where she was living as the property was stolen from her car. I accept that is the case. But for the reasons explained above, I think LBGI was entitled to treat her policy as never having been in existence. As there was no cover in place at the time of the theft, Ms H has no right to make a claim at all regardless of the relevance of the misrepresentation.

Ms H has told us she was in the course of moving between two properties when she took out the new policy and cancelled the old one. I don’t think she made that clear to LBGI. I’ve listened to the phone call in which Ms H asked LBGI to cancel her old policy. She said “*I’ve recently changed address*”. She said originally she’d just wanted to change the address on her policy but the system wouldn’t allow her to do that online, so she had taken out a new policy. She asked LBGI to cancel her old policy and change her mailing address to the new address. I’m not persuaded LBGI treated Ms H unfairly by carrying out her instructions.

I can understand Ms H’s disappointment with the outcome of her claim when it initially appeared that it had been accepted. But an insurer is entitled to investigate a claim and in the light of the information which emerged in this case, I don’t think it was unreasonable for LBGI to take the action it did.

### **My final decision**

For the reasons explained above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Ms H to accept or reject my decision before 14 November 2025.

Elizabeth Grant  
**Ombudsman**