

The complaint

Miss C is unhappy Lloyds Bank General Insurance Limited (“Lloyds”) decided not to cover her loss following an escape of water. Lloyds had concluded Miss C had exaggerated her claim under her home insurance policy.

What happened

Following an escape of water claim, Miss C made a claim to Lloyds for damage caused to a number of items, including: a carpet, lino, a light, downstairs flooring, damage to decoration, van hire, storage.

Lloyds appointed a loss adjuster to review and validate the claim. After reviewing the evidence provided, the loss adjuster on behalf of Lloyds decided to decline the claim, as it felt Miss C had exaggerated the circumstances of her loss and prejudiced the claim. Lloyds had the policy cancelled back to the date of the claim and didn’t refund the premiums.

Miss C thought the decision was unreasonable, she said there is evidence of a leak and she wants her claim settled.

Lloyds acknowledged it issued a final response letter to the wrong address so it paid Miss C £50 compensation for distress and inconvenience.

Our investigator decided not to uphold the complaint. He agreed with the actions Lloyds took. He thought the process Lloyds followed was reasonable and felt the loss adjuster’s report was persuasive, which led it to take the action it did. Miss C disagreed, so the case has been referred to an ombudsman.

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.

Lloyds have never disputed there was a leak. So, I’ve started by looking further into Lloyds’ reasoning for saying Miss C had prejudiced her claim and exaggerated the circumstances.

Lloyds explained that it *“decided to follow the condition set out in respect of When We Might Cancel Your Policy. The wording states:but if there’s evidence of fraud, or we think you’ve told us something that is wrong on purpose, we won’t refund you and we’ll cancel your policy from the date of the fraud”*.

I haven’t detailed everything from the loss adjuster’s letter to Miss C, but just the key reasons that were set out for its reasoning for cancelling the policy. It’s reasoning was:

- *“Turning to the carpet and flooring this was uplifted and disposed of and replaced by you within a short period of time when registering your claim. Lloyds consider that they were denied the opportunity to inspect the damage thoroughly or indeed appoint their own Approved Supplier to see if this could be restored. Their view is that you have prejudiced their position by denying them the opportunity to do this.*

- *In respect of the actual volume of water that escaped and if it was possible that such severe damage claimed to the flooring was possible. Lloyds have raised the following concerns. The [contractor attending to the leak] within their document have described this as a minor plumbing repair. Thus given the impression the circumstances that you have described do not fit the actual event.*
- *Turning to the flooring itself concern is expressed by Lloyds as to why this had to be replaced. [The type of] flooring is specifically designed to withstand such events. It's 100% waterproof and specifically constructed to withstand extensive wear and tear. You will recall that the flooring had only been in place from September 2024. It's ideal for high foot fall traffic areas as well as wet areas such as kitchen and bathroom areas. Therefore, given this and the fact Lloyds have not inspected the flooring in the damaged condition is a concern to them.*
- *You submitted previous claims for water damage to Lloyds and [another insurer]. Within the claim [with the other insurer] you claimed for the same light fitting as within your list above from [a specific retailer]. You have not been able to provide proof of replacement from [that retailer] owing to the passage of time. This has led Lloyds to believe that you are claiming for an item which you have previously claimed for but not replaced. Thus meaning you have deliberately claimed for something to which you are not entitled.*
- *Lloyds have reviewed your claim for removing a large table and chairs from your home and the returning of it. Whilst it is appreciated that you attempted to mitigate your loss an explanation for this is now required as to why you did this given the ceiling no longer has to be taken down for repairs within your home. Lloyds suggest this simply could have been moved from the area of the leak until such time as this was repaired and you had a definitive date as to when the ceiling was to be taken down”.*

I've read the loss adjuster's letter to Miss C and all the details of the report it produced. I find the report detailed and persuasive.

I've checked the terms and conditions of the policy and it states:

“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”.*

I have observed the process Lloyds has been through. It has asked Miss C questions and given her opportunity to provide evidence or further explain her claim. However, I haven't

been persuaded by Miss C's testimony. It feels less consistent than Lloyds, who has supported its conclusions with detailed reports written by experts in their field.

Our service thinks its reasonable for an insurer to be able to validate a claim. This means its expected that a policyholder leaves damage in situ after an incident to allow an insurer to properly assess the claim. I find it odd that in a relatively short space of time, Miss C disposed of most of the evidence related to her claim. This seems counter intuitive to me.

I appreciate Miss C has put across her views and explained that the stress of the situation and her own personal circumstances made it difficult for her at this time. I think any claim is difficult and unfortunately will bring a level of distress and inconvenience. However, I think Lloyds has shown that it is likely the claim was exaggerated.

Therefore, as it has cancelled the policy and not refunded the premiums, I think it has acted fairly and in line with what I'd expect given the policy terms that are set out. Therefore, I don't uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint. I don't require Lloyds Bank General Insurance Limited to do anymore.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 19 December 2025.

Pete Averill
Ombudsman