

The complaint

Mrs M complains that Fairmead Insurance Limited unfairly declined a claim she made on her home insurance policy.

Mrs M is represented by Mr M for this claim so for ease of reference I will refer to Mr M throughout my decision.

What happened

Mrs M has home insurance with Fairmead. The policy began in 2019 and was renewed again in September 2022. When the policy was originally taken out Mrs M resided at the property with her husband. But moved out in October 2022, while Mr M continued to live there.

In April 2023 Mrs M's home was damaged by an escape of water. The kitchen taps had accidentally been left on causing the sink to overflow. The damage was reported to Fairmead, and a claim was submitted.

Fairmead appointed its contractor to attend the property to validate the claim.

Fairmead say when the policy renewed in September 2022, had it been aware Mrs M no longer lived there it would have looked to offer a landlord policy rather than a household policy since Mr M was living there as a tenant. Fairmead say Mr M had lived at the property under a tenancy agreement that commenced on 2 November 2022 and had applied for rental assistance from the council.

Fairmead say when its contractor attended it noted the property was undergoing renovations and, since that was the case, an endorsement should have been applied to the policy to reflect the structural building works. Fairmead referred to an exclusion in the policy that says, "*we will not pay for any Accidental Damage*". Since the water damage was accidental it was specifically excluded by the policy terms and so the claim was declined. Fairmead also cancelled the policy before it was due to end in September 2023 since it said Mrs M had misrepresented her living arrangements.

Mr M didn't agree with Fairmead's response so referred the complaint to this Service. Our Investigator looked into the complaint and concluded that Fairmead hadn't acted fairly. She said there was nothing to suggest a landlord policy would apply to the claim and so the household insurance policy should apply. The Investigator recommended Fairmead reinstate the cancelled policy, reassess the claim in line with the correct policy terms, and reimburse Mrs M any additional premium payments she made for a landlord insurance policy. Fairmead didn't agree. It said regardless of which policy was in force at the time the term remains the same.

Because an agreement couldn't be reached the claim has come to me to decide.

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.

Having done so, I think the Investigator has reached a fair outcome here. So I'm upholding this complaint.

I'll explain my rationale below, but before I do I want to acknowledge that I've summarised events in my own words and in far less detail than what's been provided to me. If I've not mentioned anything it's not because I haven't considered it – I've carefully reviewed the evidence submitted by both parties. Instead, I've focused on the key elements of the timeline, and what I consider to be the crux of the complaint – in line with our remit as a quick and informal alternative to the courts. No discourtesy is meant by that, nor is it my intention to minimise in any way what Mr M has been through.

Landlord Insurance

Fairmead say the applicable policy here is a landlord policy since it has evidence of a tenancy agreement between Mr M and Mrs M from November 2022 and Mr M applied for housing benefit to help pay his rent on the property. The Investigator wasn't satisfied a Landlord/Tenant relationship existed. She said the benefit application had been declined since there was no evidence that Mr M was a tenant at the time. Having considered the evidence, I agree with the Investigator's findings. I'm not persuaded Mr M was a tenant for the purposes of the claim and so I don't think a landlord policy applies here.

I asked Fairmead for evidence that Mrs M had taken out a landlord policy at the time of the incident. It confirmed Mrs M took out a landlord's policy on 27 June 2024, but this is after the incident in April 2023. Accordingly, I am not satisfied that there is evidence to confirm a landlord policy was in effect at the time of the incident. Therefore, Fairmead is not entitled to decline the claim on the basis of the landlord policy terms.

I know Fairmead says it doesn't matter which policy was in force at the time given the terms it is relying on to decline the claim. However I don't agree. In order to demonstrate it has treated Mrs M fairly it needs to be clear what policy was in force at the time and which exclusion or policy term within the relevant policy it is relying on.

Misrepresentation

The relevant law in this case is 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. And if a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is a qualifying one. For it to be qualifying the insurer has to 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.

Fairmead say Mrs M moved out of the property in October 2022 and so when the policy renewed in September 2022 she failed to notify it that she was no longer living there. So I've looked at the question asked. It says, "*from the policy start date, will the property be*

occupied by you and your immediate family only as your permanent residence?”, and she answered yes.

I don't agree that Mrs M misrepresented her position when answering that question. The question specifically refers to 'you and your immediate family', and as Mrs M was married to Mr M at the time, I am satisfied that her response was accurate. A spouse is considered part of one's immediate family.

Based on the above I don't agree Fairmead has shown Mrs M made a misrepresentation here.

Conclusion

Given the reasons explained I don't think it's fair for Fairmead to decline the claim under a landlord policy. Nor do I think it's fair to say Mrs M made a misrepresentation when she took out the policy. Mrs M took out a landlord policy after the incident occurred – so I will take that as meaning her standard home insurance policy was relevant and in force at the time. So I am upholding this complaint.

Putting things right

For the reasons set out above, I've decided to uphold this complaint and direct Fairmead to do the following;

- Reinstatement of the cancelled policy from the date it was cancelled to the date it lapsed, if applicable
- Assess the claim in line with the terms and conditions of the home insurance policy in force at the time of the incident.
- Reimburse Mrs M for any additional premium payments she made for a landlord insurance policy from 19 September 2022 to 18 September 2023, if applicable.
- Add interest to the above amount at a rate of 8% interest per year, from the date Mrs M paid the additional premium to the date she is reimbursed.

I would urge Fairmead, upon Mrs M accepting this final decision (if she does) to act swiftly to resolve matters.

My final decision

For the reasons given, I uphold Mrs M's complaint and direct Fairmead Insurance Limited to put things right by doing what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 12 January 2026.

Kiran Clair
Ombudsman