

## **The complaint**

Mr W complains that Haven Insurance Company Limited (Haven) has unfairly declined a claim made on a home insurance policy and voided the policy.

## **What happened**

Mr W held a home insurance policy with Haven. He made a claim for damage to the property caused by a leak. After initially reviewing the information available, Haven declined cover, saying that the damage was caused by defective design. Mr W challenged this, and Haven subsequently said that the claim wasn't covered because of an exclusion for damage caused by rot.

Mr W, now represented by his loss assessor (T) complained to Haven. When it responded to the complaint, Haven acknowledged that the decisions relating to the policy exclusions for defective design and rot were incorrect, and offered £150 compensation to recognise this. However, it also it had been provided with inconsistent information during the claim. It referred to the fraud condition of the policy, and declined cover for the claim while voiding the policy.

Mr W referred the complaint to our service. Our investigator thought Haven's position was reasonable. Mr W didn't agree and so his complaint has come to me to make a final 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.

The main matter I need to address is Haven's settled position that Mr W's claim falls within the scope of the policy's fraud condition and that as a result the policy can be voided. However, the complaint originates from the earlier decisions to decline cover based on the defective design and rot exclusions. I'll consider the fraud condition and its relevance to Mr W's claim in due course, but I'll first address Haven's position regarding the policy exclusions.

Haven now accepts that neither the defective design nor rot exclusions reasonably applies to the claim, and so I won't go into detail about why it originally said that they applied, or the detail of those exclusions. Having accepted that neither exclusion applies, and that it mistakenly told Mr W the claim wasn't covered because of them, it offered £150 compensation. I think that was a fair offer. Being informed that the claim wasn't covered based on an unreasonable interpretation of the policy exclusions would have caused unnecessary distress to Mr W. However, I do need to recognise that Haven has subsequently declined cover (which I'll come onto examine below) and so the decision to decline cover based on exclusions that shouldn't have applied hasn't had a material impact on the settlement of the claim. On that basis, £150 is in my view a fair offer of compensation. It recognises that Mr W shouldn't have been told these exclusions applied to the claim but also that the decision didn't delay settlement or repairs to his property.

I therefore move onto the primary matter which I need to determine, which is whether it was reasonable for Haven to decline cover for the claim, referencing the fraud condition and voiding the policy. The condition itself says:

“If you or anybody insured by this policy makes a claim knowing it to be fraudulent, false or exaggerated, this insurance will be void and all claims will be forfeited. This clause also applies to false statements made when taking out the policy or bringing a claim and if you provide false documents in support of a claim.

In the event of fraud, we will not refund your premium.”

Insurers have a duty to handle claims promptly and effectively, and they can't decline cover unreasonably. They also have an obligation to treat their customers fairly.

Alleging that a claim is fraudulent is a serious accusation, and is likely to have long term implications where a policy is voided on that basis. It can mean that policyholders find it difficult to secure cover in the future, as well as not providing cover for the claim itself. Insurers therefore need to have reasonable grounds to reach that conclusion, and they need to have given the policyholder the opportunity to respond to the concerns which lead it to decline the claim and void the policy. Given the seriousness of such an accusation, there is naturally a high threshold that insurers need to reach before saying a claim is fraudulent.

I need to be clear that my role here isn't to say whether or not Mr W has made a fraudulent claim, but rather to say whether it was fair in the circumstances for Haven to decline cover and void the policy, referring to the fraud condition. That's an important distinction.

Correspondence regarding Haven's concerns about the validity of the claim has been between T and Haven. By that point, Mr W had made it clear he didn't want to correspond directly with Haven and had authorised T to represent him on the claim. As that's the case, I have to take anything said by T to be Mr W's position, and also that correspondence with T should be given the same weight as it would have been if Mr W had provided it directly.

I'm aware T, on behalf of Mr W, suggests that Haven's decision to decline the claim and void the policy is effectively based on it seeking any reason to do so, as it seeks to avoid liability for the claim. T refers to Haven's actions in declining the claim for two separate reasons which it now acknowledges was unreasonable.

I can understand that perception, but my decision here is based on the evidence available to me – the question I seek to answer is whether, based on the information provided by Mr W (and his wife, Mrs W) and T during the course of the claim, Haven could reasonably conclude that the claim was “fraudulent, false or exaggerated,” as stated in the policy terms and conditions. Haven's position is that, as a minimum, Mr W's claim has been exaggerated by the inclusion of a kitchen which was due to be replaced before the damage was discovered. It also believes Mr W has misrepresented the circumstances in which the damage was discovered.

Haven identified a number of issues during the course of correspondence with Mr and Mrs W, and T. I've commented on whether I think it was fair to have concerns about the validity of the claim based on these, and also whether explanations provided by Mr W and T should properly have satisfied Haven that the claim was valid.

The first, and it seems the issue Haven places most weight on, is an apparent inconsistency between what Mrs W and Mr W said in the initial phone call when they notified Haven of the claim, and what has been said subsequently.

Mr W (and T) have told Haven during the course of the complaint and in the submissions to our service that a contractor attended the property because of a leak that was believed to be coming from a washing machine. On investigation, it was established there were a number of leaks which had caused very significant damage to flooring, kitchen units and electrical appliances. This required the complete strip out (and disposal) of the existing kitchen, removal of the flooring and knocking down an interior wall. It's their settled position that all of that directly resulted from the leaks, and damage caused by them.

However, it's also accepted that during the first phone call to Haven, Mrs W and Mr W both said that the leak and the extent of the damage had been discovered when a contractor had attended the same day as their call to start work on renovating their kitchen. During that first call, no mention was made that the extent of the damage had required the immediate and complete removal and disposal of the kitchen, the entire flooring being lifted and the interior wall being knocked down.

I think it was reasonable for Haven to conclude from the contents of the telephone call that Mr W was claiming for damage caused by a leak which had been discovered when contractors started work on renovating and replacing the kitchen. I say this because at various points during the call, Mr W and Mrs W said:

"We're meant to be having our kitchen done and we've found loads of leaks."

"We've just come in, he started the work today, basically to put the kitchen in and knock the wall down"

"His work was going to be knock through to the dining room, take the kitchen out, we knew we had to get the flooring, we thought one joist because there was a bit in the corner of the kitchen that we thought those floorboards would be replaced."

"He was going to put a new kitchen and flooring down and do some work in the conservatory."

There were also other mentions of the kitchen being replaced and discussions around the extent of the building and renovation work being carried out.

I think all this was the basis of Haven's conclusion that the circumstances of the discovery of the loss now relied on had been misrepresented. I don't think that was an unreasonable position to take.

A further issue arises in that this call was made at around 4pm. Shortly after 7pm the same day, Mrs W sent an email to Haven which included a photo of the kitchen. This showed it had been completely removed, along with the flooring. At no point during the call did either Mr or Mrs W say that the entire kitchen including the flooring had been damaged and removed, as they subsequently claimed. The alternative, which Haven considers unlikely, and I agree, is that the strip out was done in that three hour period. The works carried out involved the complete removal of the floor, all of the kitchen units and electrical appliances, including the attendance by an electrician (based on subsequent invoices provided). That email was also the first occasion on which a leak from the washing machine was mentioned.

Mr W's position seems to be that he and his wife were both absent from the property when the contractor attended and discovered the extent of the damage. It seems that he was unaware that the kitchen was being removed and disposed of until he returned home. At that point, he'd have been unaware what his insurance cover would provide in terms of repair or replacement, so I think it was fair for Haven to question his knowledge of the contractor's actions or intentions when they attended the property.

I think it was reasonable for Haven to question why, if the contractor was only present to trace the source of a leak, they removed and disposed of the entire kitchen, flooring and an

internal wall without first seeking Mr W's agreement. I think it would also be fair to say that coming back to the property to find the kitchen apparently unexpectedly removed, a wall knocked down and all the flooring similarly removed would be a significant shock. However, the kitchen and complete floor removal wasn't mentioned in the first phone call to Haven, and so I do think Haven can legitimately question Mr W's knowledge of the contractor's intentions on attending the property.

Haven's position is therefore that it believes the leak was not the primary reason for the complete strip out of the kitchen. It prefers to consider the above points as persuasive evidence that the contractor had attended to start the renovation work which was to include the stripping out and replacement of the kitchen units and appliances and removing the internal wall. I don't think that's an unreasonable conclusion to have drawn.

In correspondence with Haven, T has made it clear that Mr W is seeking for the cost of a replacement kitchen to be included in the claim settlement. That's in spite of the initial phone call saying that works were being done to "take the kitchen out" and "put the kitchen in." In the initial call it was also stated that the ongoing works included a "brand new kitchen." T's also said that there was no specific plan in place to replace the kitchen, but that this was a longer term ambition. That contradicts the earlier statements of Mr and Mrs W who said the renovation of the kitchen was starting that day.

Therefore, I think Haven could reasonably conclude that Mr W had said that building works including a kitchen renovation were starting on the day the leak was discovered, and so this would mean that Mr W would be replacing the kitchen. He now seeks to have that replacement covered by Haven. Haven is also unable to validate that the kitchen itself was so badly damaged by the leaks that it was beyond economical repair. It seems Haven has therefore concluded that Mr W has sought to have Haven effectively cover the cost of the kitchen replacement that was going to be completed regardless of any claim. That would, by any definition, be an exaggeration of any legitimate claim. I can't disagree that this was a justified position to take, based on the evidence.

A further issue here is that the kitchen units and appliances have all been disposed of, before Haven could inspect any of them to confirm their condition and that they can't be repaired or reinstalled. If, as is suggested, this was the case, then Haven can reasonably ask how damage to that extent – essentially to every unit and appliance in the kitchen so serious as to mean they can't be repaired – hadn't been noticed. The removal of all items including the appliances has led Haven, it seems, to conclude that the true intention on the day in question was to start the renovation works including replacing the kitchen – as was said in the phone call. I can't see how that's an unreasonable conclusion. Had it been able to inspect the items, it may have been able to confirm that they were all damaged by the leaks in the kitchen, although this would likely have meant further questions about Mr W's awareness of the leak and the damage being caused.

Unfortunately, I don't think the explanations offered by Mr W or T on his behalf have satisfactorily answered these legitimate questions and concerns. Rather than seek to answer why Mr and Mrs W were categorical in saying the works including kitchen renovations were the reason for the contractor's attendance, T's responses have focussed on whether a legitimate underlying claim exists, and suggesting that if that's the case then the next stage should be to discuss what is and isn't covered as part of that. I can't agree with that. The fraud condition refers to exaggeration – if a claim has been exaggerated, then it can be reasonably declined in its entirety.

T also suggests that Mr and Mrs W may have effectively miscommunicated when they referred to kitchen renovations. I can't agree with that assertion. Any reasonable interpretation of what they said would lead to a conclusion that the kitchen was intended to

be replaced as part of the works that were starting that day, and that the leaks were discovered as part of the early stages of that work. If, as is now suggested, the only reason for the contractor to attend that day was to trace the source of the leak originally believed to coming from the washing machine then Haven could reasonably say there was no reason this wouldn't have been mentioned from the outset. Put simply, if there was no renovation work ongoing, there would be no reason for Mr and Mrs W to mention it.

Haven has also had concerns about the provision (or lack) of a homebuyers' survey report which Mr W and T have said at various times is available. It seems Haven has asked for this in order to confirm whether as part of the report completed when Mr W purchased the property, any mention was made of possible leaks under the kitchen floor or any damage to the kitchen which could be caused by a leak. That's a reasonable position to take, as Haven is seeking to confirm if there was any indication to Mr W before the policy cover started that there was a leak which could lead to an insurance claim.

However, the correspondence between T and Haven on this point has become essentially bogged down in discussions around the extent of the report, and what kind of report Mr W has. At various times, T has assured Haven that the report will show nothing of relevance in relation to knowledge or indication of a leak. However, the report wasn't provided to Haven before it declined cover and voided the policy.

It may be that the report does show nothing of significance. However, I'm satisfied that having mentioned a report is available, and with Haven having explained why they would like sight of it to assist with the claim assessment, it was reasonable to expect it to be provided. In the absence of the report, I think Haven could fairly question whether there is information contained in it which could affect cover for the claim.

Ultimately here, I think Haven can reasonably question:

- The reason for the attendance of the contractor when the leaks were discovered.
- Mr W's awareness of the leaks or damage before insurance cover began.
- Whether the extent of the claim accurately reflects the loss suffered.

T believes that there's no doubt that an insured event – ie a leak – has occurred. Haven appears to disagree with that characterisation, and I think that's reasonable. I accept there was a leak at the property. What hasn't been demonstrated is that Mr W, when the policy was incepted, had no knowledge of the leak or the damage now being claimed. The inconsistencies around how the leak was discovered go to the heart of that question. I think it's also important to note that in the first call, reference was made to knowing there was damage to the floor and awareness that part of it as a minimum was going to require replacement or repair. If there are inconsistencies around Mr W's knowledge or indication of damage, then it opens up the question of his awareness of the leak. The homebuyer's report could assist in that regard, but hasn't been provided.

On that basis, I do think Haven had legitimate concerns about whether the loss being claimed has arisen as a result of an insured peril. Unfortunately, the answers (or lack thereof) to its concerns have led to a position where it questions the legitimacy of the claim.

I think Haven can reasonably conclude that the claim has, at minimum, been exaggerated. I say this because even if it was accepted that a leak has caused damage, Mr W had previously stated that the kitchen was being renovated at the time. He now says that wasn't the case, and seeks replacement of his kitchen as part of the claim settlement. Haven thinks the evidence is persuasive that the kitchen was removed and disposed of as part of the renovation works, and I don't disagree with that conclusion.

So that means that Haven has reasonable concerns about whether the damage being claimed is covered, and then more conclusive evidence to support a conclusion that the extent of the loss being claimed has been exaggerated.

I don't think there's enough evidence to support a conclusion that this is simply a situation where a legitimate claim, which is undoubtedly covered, has been exaggerated in order to increase the settlement.

The inconsistencies and lack of explanations for these, alongside the failure to supply information which could clarify matters, does lead it to a position where it can't be certain the leak arises as a result of an insured peril within the period of cover. On that basis, it can't accept cover for the claim as Mr W hasn't shown the claim falls within the scope of the policy.

Haven can then reasonably conclude the claim has been exaggerated, with relation to the claim for the replacement kitchen when it had previously been told the kitchen was being renovated.

All this leads me to a conclusion that Haven can reasonably decline cover for the claim. It's entitled to rely on the fraud condition as it has demonstrated that, on balance, the claim has been at minimum exaggerated. Where it's fair to refer to the fraud condition of the policy, it's reasonable to void the policy. The condition says that what will happen and it isn't fair to expect an insurer to continue providing cover to someone it has demonstrated has made a false or exaggerated claim.

I'm satisfied Haven's actions in declining the claim and voiding the policy were reasonable.

### **My final decision**

I don't uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 30 April 2026.

Ben Williams  
**Ombudsman**