

The complaint

Mr R complains that U K Insurance Limited trading as Direct Line ('UKI') unfairly declined to cover his claim and cancelled his property insurance policy.

What happened

Mr R held a property insurance policy with UKI that covered a rental property he owns. He contacted them in February 2025 to add a second property on to his existing cover. And the next day he reported a claim and said his tenant had informed him of a water leak from the boiler.

UKI investigated the claim but said the photos Mr R had provided showed the damage had occurred before the inception of the cover with them. They also raised concerns about what they considered to be inconsistencies in Mr R's testimony about when he was aware of the damage and said he had contacted the boiler company before changing the cover under his policy. UKI ultimately declined to cover the claim, applied the policy's fraud term, and cancelled Mr R's policy.

Mr R raised a complaint. He said he had withdrawn the claim once he learned the damage likely occurred before he took out the cover for the second property and felt UKI had acted unfairly and prematurely in applying the policy's fraud term. He also said he was unhappy he'd not been given an opportunity to respond to the evidence UKI had relied on before they provided his details to third-party fraud prevention agencies. UKI considered the complaint but maintained they had acted fairly and in line with the policy's terms. Mr R then brought the complaint to this Service.

An Investigator looked into what had happened but ultimately didn't recommend the complaint should be upheld. She said she was persuaded UKI had acted fairly and reasonably and the available evidence supported their decision to decline the claim and apply the fraud term as they had concerns over the way Mr R had presented the claim.

Mr R didn't agree with the Investigator's conclusions. He said that UKI reached a fraud conclusion prematurely and without giving him an opportunity to understand or respond to the evidence they had relied on and maintained there was no evidence confirming that he had contacted the boiler company before the date he says he became aware of the leak.

Mr R asked for an Ombudsman to consider the complaint – so, it's been passed 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've reached the same overall conclusion to the Investigator, and I do not uphold this complaint.

I want to start by acknowledging that I've summarised Mr R's complaint in less detail than he's presented it, and I've not commented on every point he has raised. Instead, I've focussed on what I consider to be the key points I need to think about in order to reach a fair and reasonable conclusion. No discourtesy is intended by this; it simply reflects the informal nature of this Service.

The relevant rules and industry guidance say UKI shouldn't unreasonably reject a claim. So, my role requires me to decide whether UKI acted reasonably in declining the claim and applying the policy's fraud term based on the information available to them. Ultimately, UKI declined to cover Mr R's claim and applied the policy's fraud term as they said they had the following concerns:

- The metadata in the photographs Mr R provided to support the claim showed they were taken before Mr R's second property was added to the policy.
- UKI were informed by the boiler repair company that they were contacted regarding the issue with the boiler before the policy inception.
- Mr R had told UKI his tenant notified him of the leak in the evening but the messages he provided to support his claim showed they were sent in the morning that day.
- Mr R had not provided full copies of the messages between him and his tenant to demonstrate when the damage was reported.
- The photos and description of the water damage appeared to contradict the testimony that Mr R's tenant had only recently noticed the damage.
- When Mr R added the second property to the policy, he specifically asked about waiting periods before a claim could be made.
- Mr R hadn't provided the details of the building's insurer, who the claim eventually went through, to clarify when the damage occurred.

UKI concluded that, on balance, Mr R more likely than not knew the damage had already occurred when he took out the additional cover and submitted the claim. They relied on the policy's fraud term, which says:

"In the event of any claim under the Policy being submitted which in any respect is intentionally exaggerated or fraudulent...to obtain benefit under this Policy, We:

a will not be liable to pay the claim;

*b may recover from You any sums paid by Us to You in respect of the claim; and
i refuse all liability to You under this Policy in respect of any event that gives rise to Our liability occurring after the time of the fraudulent act; and
ii retain any premiums paid under this Policy"*

I've considered all of the available evidence, and I'm satisfied it wasn't unfair or unreasonable for UKI to rely on this term to decline the claim and cancel the policy overall. Taken together, I think UKI concluding that Mr R likely knew the damage had already occurred when he took out the cover and submitted the claim, was a reasonable one to reach. And I think the range of concerns over the claim UKI raised were, in my view, persuasive. In particular, I note UKI spoke to the boiler company and said they were told Mr R had contacted them to report a leak from the boiler, and this was prior to him adding the second property onto the cover.

I understand Mr R has disputed he called the boiler company and says his tenant spoke to them instead. He obtained a copy of the call between the boiler company and UKI and says he was not specifically named in that call, so it would be unfair for UKI to conclude he made the call. In situations like this, I'm required to make my decision on the balance of probabilities, given the evidence which is available and the wider circumstances of the

complaint, as well as how much weight to give to any piece of evidence. Additionally, under DISP 3.6.1, my remit is to determine a complaint by reference to what is, in my opinion, fair and reasonable in all the circumstances of the case.

Ultimately, I do not find Mr R's alternative testimony to be persuasive. The text messages Mr R provided between him and his tenant show Mr R telling the tenant he would call a plumber. But the tenant did not state they had already called the boiler company to report the issue or that an inspection had been arranged. So, I find it unlikely Mr R's tenant had spoken to the boiler company and on the balance of probabilities, I think it's more likely Mr R made the call to the boiler company. I also note Mr R has been provided with a copy of the call made to the boiler company but has not provided UKI or this Service with a copy. In the absence of evidence to support his alternative explanation, I consider it more likely Mr R contacted the boiler company.

I've also considered Mr R's submissions around the evidence he provided and why he feels it was unfair for him to provide further evidence, which he says goes significantly beyond what UKI asked for during their own investigation. While I understand why this could be frustrating, I'm ultimately satisfied UKI acted fairly in requesting more information, as they demonstrated they had a range concerns, which I am satisfied were reasonable and genuine, and Mr R's evidence did not satisfy those concerns.

It therefore follows I'm satisfied UKI acted fairly and reasonably in concluding that Mr R, on balance, more likely than not knew about the damage before starting cover and submitting the claim. And so I do not consider it to be fair or reasonable for me to interfere with UKI's decision to refuse Mr R's claim and cancel his policy in line with their concerns. While I recognise this is not the answer Mr R had hoped for, I trust my decision explains why I have reached the outcome that I have.

My final decision

For the reasons I have set out above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 9 April 2026.

Stephen Howard
Ombudsman