

## **The complaint**

Ms S has complained that Lloyds Bank General Insurance Limited (“Lloyds”) cancelled her policy after they decided Ms S had made a fraudulent claim. And Lloyds have refused to remove the marker on her record as a result of the cancellation, which means Ms S has to declare it when trying to buy alternative cover.

## **What happened**

Ms S bought a buildings and contents policy from Lloyds in spring 2023.

About three months later, Ms S made a claim on the policy. She said that, about two weeks earlier, her daughter had slipped in the bathroom and dislodged the shower screen, which fell into – and damaged – the bath. She explained she’d tried to fix the problem with tape, but the repair hadn’t worked.

Lloyds instructed a contractor to repair the damage. But the contractor reported back that water had leaked through the damaged area and the base board was sodden – so it wasn’t possible for them to make a repair. Lloyds sent a second contractor to assess the claim and scope for repair. This second contractor reported that the damage was longstanding and, in their opinion, had happened before Ms S bought her policy.

Lloyds investigated further and found Ms S had made a virtually identical claim in autumn 2021. Her insurer at the time had declined it because Ms S didn’t have accidental damage cover on her 2021 policy.

Lloyds called Ms S to talk about the circumstances of the claim. Ms S confirmed the information she’d given when the claim was lodged and said she’d never made a claim for the bath before. Lloyds advised her they share information with other insurers and asked her about the 2021 claim. Ms S wasn’t sure about the details, although she said there had been a claim at some point in respect of her roof. But she confirmed she’d never made a claim for her bath before.

Lloyds told Ms S they’d continue to investigate. The following day, Ms S withdrew her claim.

Once Lloyds had the information they’d asked for from Ms S’s previous insurer, they concluded she’d made a claim to them for the same damage. So they wrote to Ms S, setting out what they could do if a fraudulent claim was made, and inviting her to provide an explanation.

In her response, Ms S confirmed her claim had been false and that her bath was damaged in 2021. But she denied she’d intended to defraud anyone. She said she’d been persuaded by a member of her community, whose advice she’d sought about another issue, that she should make a claim and she wouldn’t be doing anything wrong if she did. Lloyds decided this didn’t change their view and that they would cancel Ms S’s policy. And they told Ms S she’d need to disclose their decision when buying insurance in future.

Ms S complained to Lloyds but they didn’t change their decision. So Ms S brought her complaint to the Financial Ombudsman Service.

Our investigator reviewed all the information and concluded Lloyds didn't need to do anything different to resolve the complaint. He was satisfied Ms S had provided false information and that her policy was clear what steps Lloyds would take in those circumstances. And he said the action Lloyds had taken was in line with those terms in the policy.

In response, Ms S disclosed she has autism. She told the investigator this means she struggles to judge who to trust and whether or not advice she receives is in her best interests. She followed the advice she was given to make the claim, although she now understands that was bad advice. And she pointed out she hasn't gained anything as a result of the claim.

The investigator shared this information with Lloyds and invited them to review their decision. Lloyds said they were sympathetic, but their decision was unchanged. They said that Ms S had provided false information several times and only withdrew her claim when they told her they were investigating.

The investigator also didn't change his view. As Ms S didn't accept that, I've been asked 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.

Having done that, I'm not upholding Ms S's complaint. I'll explain why.

It's clear from everything I've read that this has been a very challenging time for Ms S. I was very sorry to read about the difficulties she's facing in a number of areas of her life and that these are made more difficult by her autism.

My role here is to make a decision about what is the fairest outcome to this complaint for both parties. If I think Lloyds have done something wrong, I can say what they should do to put things right. But if I don't think they've done anything wrong - or they're not responsible for what's happened - I can't say they should do anything differently.

There's no dispute here that Ms S made a fraudulent claim. The complaint focuses on whether Lloyds' response to discovering that was fair and reasonable. So that's what I've focused on too.

The policy Ms S bought includes a section titled "*Things you need to know*". This includes a section titled "*Fraud*" which says:

*"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.*

*We may also tell the police and other authorities."*

I think this makes it clear what Lloyds will do if a fraudulent claim is made.

I note Ms S has said she didn't read the documents. But I can see Lloyds sent them to her when she bought the policy in a letter advising her to read them. So it's fair for me to say she's been made aware of the consequences of making a fraudulent claim.

I've thought very carefully about the information Ms S has provided about her autism. I'm aware that she says this means she doesn't always respond and make decisions in the way others perhaps would.

I've focused particularly on the information Ms S provided to Lloyds when they put to her she'd made a false claim. While she's mentioned she can be easily influenced by others, Ms S hasn't told us she had any help to write the emails she sent to Lloyds. So I'm satisfied it's fair to consider those on the basis they represent her own understanding of the matter.

Ms S's emails show she sought advice from a member of community about difficulties she was facing in her life. She mentioned her bath in passing, with the intention of getting a recommendation for a plumber. But, instead, she says she was persuaded to make the false claim. Her email says:

*"He said to me that I should claim via my home insurance, even though I had told him it had happened nearly 2yrs ago and I was now with a different insurance company but he convinced me that this was okay, that this kind of thing happens all the time and I was not doing anything wrong. As he is well respected in my neighbourhood and I was not in right state of mind to think clearly, he convinced me to make this claim and told me what to say to make the claim."*

I accept this shows Ms S followed the advice she was given. But I also think it shows Ms S knew the claim was false.

A later email explaining her diagnosis to Lloyds similarly says she was manipulated by this individual for his own purposes and Ms S didn't understand this was his intention. But, again, the email doesn't suggest she didn't understand it was wrong to make the claim.

I can see Lloyds asked Ms S for an explanation before telling her they were cancelling her policy and would be sharing that information with other insurers – so she would need to disclose that when trying to buy a new policy. And they reviewed that decision twice, on receipt of information about her autism.

I do appreciate the difficulties Ms S faces in her daily life as a result of her autism. But, for the reasons I've explained, I think she submitted the claim knowing it was false – so I think it's fair for Lloyds to cancel her policy and share that information with other insurers. And I don't think they need to do anything more to resolve her complaint.

### **My final decision**

For the reasons I've explained, I'm not upholding Ms S's complaint about Lloyds Bank General Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 7 August 2024.

Helen Stacey  
**Ombudsman**