

The complaint

Mr G is unhappy that Lloyds Bank General Insurance Limited (“LBG”) declined his theft claim.

What happened

The background to this complaint is well-known to both parties. So I’ve set out a summary of what I think are the key events.

Mr G had contents insurance underwritten by LBG. In April 2023, some of Mr G’s items were stolen from his home while he had a number of people visiting. He claimed under his contents policy and LBG looked to validate the claim. LBG sought a copy of the police report and interviewed Mr G about the circumstances on at least two more occasions.

In August 2023, Mr G complained to LBG because he thought the claim process was taking a long time. On investigating his complaint, LBG agreed it hadn’t handled matters as promptly as it should’ve done. It didn’t think it could’ve progressed some parts of the complaint sooner because it would always take time to gather information. But, in recognition of the avoidable delays and poor service identified, it paid £350 compensation for the inconvenience and the impact it had on Mr G.

LBG continued to look into the claim. In September 2023, Mr G made another complaint because he thought it was still taking too long and LBG was asking for more evidence to investigate the claim. LBG issued a final response to this complaint in which it agreed the further delays had been avoidable, and the communication with Mr G, particularly in respect of keeping him updated with progress, hadn’t been of the expected standard. LBG paid further compensation of £200 in recognition of its service shortfalls, but it didn’t think it had done anything wrong by asking for evidence. It said the evidence was necessary to ensure that the claim was investigated properly and fairly.

On completion of its investigation, LBG declined Mr G’s claim explaining that the items were taken by a guest invited into his home. It said the policy provided cover if someone had gained entry by deception (lying) but it didn’t provide cover for theft by invited guests.

Unhappy with this outcome, Mr G complained to LBG. He said that he only invited one person into his home, and that was someone who he was led to believe was a new carer. Mr G said that person invited more people and stole his belongings when he was unconscious from what he believed was a spiked drink. Because of these circumstances, Mr G thought the policy provided cover.

LBG issued its final response letter in January 2024 in which it maintained its decision to decline the claim. LBG said that when Mr G notified it of the theft, he told it that he’d been having a party over a few days. The police reports of interviews with Mr G gave the same information. While Mr G later changed his description of events, suggesting that the guests had gained entry to his home by lying, LBG wasn’t persuaded that the last version of events was more accurate than the first. So, Mr G brought his complaint to us.

Our investigator thought that LBG had made some mistakes in respect of delays and its claim handling, but he said its compensation payments totalling £550 were in line with what he would've awarded. Our investigator was satisfied that LBG had declined the claim fairly, in line with the policy terms and conditions, so he didn't think LBG needed to do any more.

Mr G didn't agree. He repeated his submission that the only person he invited in was the new carer, and it turned out that they were lying. It was the carer who invited others in. Mr G also said that his recollection of events was poor because he had medication induced brain fog. He remained of the opinion that his policy should provide cover under the theft section because the carer gained entry by lying. Further to this, Mr G said he'd be able to provide evidence of ownership of the items which were stolen.

The complaint was 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 decided not to uphold Mr G's complaint for broadly the same reasons as our investigator. I'll explain.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. My role is to consider the evidence to decide whether LBG handled Mr G's claim fairly and reasonably in all the circumstances. In doing so, amongst other things, I've taken into consideration relevant law, regulations, and what I think is most likely to have happened based on the evidence.

I won't comment on everything, and our rules don't require me to. Both Mr G and LBG are aware of the circumstances so, instead, I'll mention specific evidence only where I think it helps explain my decision.

Delays

The first two complaints Mr G made to LBG were, in the main, about its delays and poor communication during the claim process up to its decision to decline. It issued final responses to each complaint and paid a total of £550 to compensate Mr G for its mistakes and delays.

I've looked at the investigation LBG carried out into Mr G's complaints along with the documented evidence. I've also noted Mr G's explanation about his personal circumstances, and I can understand that delays would've negatively impacted him. There's no dispute that LBG made mistakes - it failed to keep Mr G informed about the claim progress, and it didn't progress the claim as quickly as it could've done.

That said, LBG was entitled to investigate the claim when it became apparent that Mr G's version of events changed over time. I realise Mr G just wanted his claim settled, but I don't think it was unfair for LBG to seek clarity and further evidence to try to validate the claim.

Overall, I'm satisfied that LBG's compensation payment was fair and reasonable in the circumstances of the delays that occurred during a complex claim investigation.

Claim decline

LBG declined the claim because Mr G told it he had invited people into his home, and he'd had a party. Therefore, the theft wasn't covered because a policy exclusion applied.

The policy sets out the detail of the contract between Mr G and LBG. Here, LBG relied on the following policy wording:

We won't pay claims for your contents:

– Whilst anyone other than you or your family are staying at your home. We'll pay these claims if force and violence was used to get into or out of the property.

– If someone steals from you by lying to you or your family. We'll pay these claims if they only lied to get into your home.

– If something's stolen by a guest you or your family invited into your home.

Mr G said the carer lied to him and then invited people into his home. Therefore, he believes his policy provides cover.

I've considered Mr G's earlier statements in which he said he had a party where people were coming and going over a few days. LBG said that was supported by camera footage from the building's communal areas. Since then, Mr G said he invited just one person into his home, who he believed had taken part in stealing his belongings. I've thought carefully about this, but I can't find that it falls outside the policy exclusion.

The policy provides cover for theft where someone lies to get into your home. This might be, for example, where a tradesperson in uniform claims to be there to complete work. The homeowner might be persuaded to let them in because they're thrown off guard by the uniform, conveyed urgency, or fear of not complying with rules. Here, Mr G said he was introduced to the carer by a friend while out, and that's when he invited them to his home.

I can understand that Mr G might consider this amounts to a lie to gain entrance to his home. But, as I've said, the evidence provided by the police and LBG show that people were in and out of Mr G's home repeatedly over a few days. Mr G even said he gave his credit card and PIN to one visitor to buy more drinks – a card he later included in the list of stolen items. So, the evidence persuades me that it's more likely than not Mr G had a party. And while he may not have known everyone present, based on what Mr G said, I can't reasonably say they lied to gain entry to his home. Therefore, I think LBG's reliance on this policy exclusion is fair and reasonable in the circumstances.

Evidence of ownership

Mr G has offered numerous forms of evidence to show he owned the items which were stolen. While I appreciate the offer, I don't think there's any benefit in asking to see them. That's because I'm not aware that there was any dispute about the theft or the items taken. LBG declined the claim under a relevant policy exclusion that did not relate to proof of ownership. So, whether or not Mr G provided evidence of purchase, it wouldn't change the overall outcome.

In summary, it's clear that there were avoidable delays during the claim process, but I find that LBG compensated Mr G fairly and reasonably. And, while I realise this will be disappointing for Mr G, I haven't seen anything to persuade me that LBG unfairly declined his claim. Therefore, I'm not asking LBG to do any more.

My final decision

For the reasons I've given, my final decision is that I don't uphold Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 24 October 2024.

Debra Vaughan
Ombudsman