

## The complaint

Mrs M has complained that Great Lakes Insurance SE ('Great Lakes') declined her claim under her mobile phone insurance policy following loss of her phone.

## What happened

Mrs M had taken out an insurance policy with Great Lakes in January 2023. Mrs M then lost her phone in early February 2023 and she claimed for the loss under her policy. Great Lakes declined her claim and accused Mrs M of submitting a falsified invoice. It also cancelled her policy. Mrs M was unhappy and wanted a replacement phone. She was also dissatisfied with the investigation process and delays in communication and wanted an apology due to the accusation. Mrs M therefore complained to Great Lakes however it maintained its position.

Mrs M was unhappy with the outcome of her complaint and referred her complaint to this service. The relevant investigator upheld Mrs M's complaint. He considered that whilst some of Great Lakes' concerns might be justified, he didn't consider that these concerns related to the validity of this claim. The investigator wasn't persuaded that Mrs M had herself falsified an invoice and was satisfied that it reflected the price, despite it being higher than the recommended retail price. The investigator thought that Great Lakes should cover Mrs M's claim and that it should remove any adverse information it recorded against her.

Great Lakes disagreed with the investigators view. The matter was therefore referred to me to make a final decision in my role as Ombudsman. In July 2023, I issued a provisional decision for this complaint and explained why I was minded to uphold Mrs M's complaint as follows; - *'The key issue for me to determine is whether Great Lakes applied the terms and conditions of the mobile phone policy in a fair and reasonable manner in declining Mrs M's claim. On a provisional basis, I don't consider that it acted unfairly in doing so. In reaching this provisional decision, I've also considered the parties' submissions as summarised below.*

*Mrs M said that she'd correctly answered questions asked by Great Lakes when being interviewed as a part of the claim investigation. She's said that she'd looked at other insurance options, but an alternative provider only insured up to £1500 and, as her phone cost more than this, she didn't continue with that option. She agreed she'd insured different gadgets with the alternative provider but didn't consider that this was relevant. She said she hadn't been asked about a claim she'd made on her other policy, and it related to a different phone, so there was no double claim. She had received a replacement phone in relation to the claim on her other policy, had given it away, and considered she had the right to do what she wished with her own belongings.*

*Mrs M also contacted the alternative insurance provider and it confirmed that it hadn't refused to insure this phone. As to her proof of purchase, she contacted the relevant company and it explained that the cost, at just over £1,500 was the gross amount, and the amount that she was actually paying through her employer's salary sacrifice scheme, was approximately £250 less. She confirmed that the invoice was therefore correct.*

*As to Great Lakes' investigation process, Mrs M considered that when it conducted*

interviews, it should ask more precise and structured questions. She was frustrated that the claims process and responses had taken so long, and that Great Lakes had failed to update her. She said that one representative had hung up on her call. Mrs M said that as a professional, she valued her integrity and dignity and that the process had caused a lot of stress. She said the reason why she'd taken out insurance was to have peace of mind that her valuables would be covered in the event of loss. She said that; 'Being labelled a fraud is a big deal for me. I am dealing with so many health issues... [and described a condition]...so having to deal with this stress is just unacceptable.'

I now turn to what Great Lakes has said about the complaint. It referred to discrepancies in Mrs M's version of events during interview. Great Lakes had asked why the identity number of the phone had been searched on a national database at the relevant time, and it didn't consider her response to be satisfactory. Initially Great Lakes thought that the alternative insurer had refused cover, however it later accepted that this wasn't the case. Great Lakes said that Mrs M explained at the end of the interview that she'd made a claim for loss of her previous phone in January 2023 and gave the replacement phone to her sister who was abroad. It said that the evidence it had received discredited the answers that Mrs M had given on various matters.

Great Lakes said it had forensically checked the proof of purchase document provided by Mrs M and it proved to be a non-genuine document. Great Lakes said that the identity number of the phone had been added to the document by the insured in a different font. It therefore considered that Mrs M had provided a false and misleading purchase invoice and said: 'This is clear manipulation of the document and grounds for declinature.'

The starting point for my consideration of this matter is the policy itself which forms the basis of the insurance contract between the insurer and the customer. I note that loss of a mobile phone is covered by the policy in principle. The policy does include standard provisions however, one of which relates to fraud. The relevant provision states, 'If any fraudulent or misleading claim is made or if any fraudulent or misleading means are used under this insurance, you will not be allowed to continue with your claim and your policy will be cancelled with immediate effect and no refund will be returned.'

Great Lakes referred to the proof of purchase document supplied by Mrs M. I have seen evidence of the checks it carried out. Having considered this evidence, I have no reason to doubt that the proof of purchase document was tampered with to add the identity number of the phone that Mrs M alleged was lost. This identity number was added in a slightly different font to the original document. However, there appears to have been an attempt by the person who added the identity number to match the original font, so that the recipient would be led to believe that this was part of the original invoice. On the balance of probabilities, I consider that it was Mrs M, or a person closely connected to Mrs M, who manipulated this document. This misleading document was provided to Great Lakes by Mrs M to support her claim. This raises legitimate concerns as to whether this invoice genuinely related to the phone of this identity number.

I appreciate that Mrs M had evidence that she purchased a phone of the same description and that she also had a box showing the same identity number. However, on a provisional basis, I consider that, in the light of the manner of manipulation of the document, Mrs M used fraudulent or misleading means and information in making her claim. Whilst the purpose of tampering with the proof of purchase is not known, the fact that this important document was manipulated in this way is sufficient to invalidate the whole claim under the fraud provisions of the policy. On a provisional basis, I therefore consider it likely that Mrs M acted with the intent to obtain a benefit she wasn't otherwise entitled to.

I also consider that there is supporting evidence which places doubt on the credibility of Mrs

*M's evidence. Less than a month prior to the alleged loss of Mrs M's phone, it transpired that Mrs M had lost another phone and the manner of loss appeared to be identical to that described in the current claim. That phone was duly replaced by the alternative provider. The timing and surrounding circumstances of the loss of that phone provides significant context for the current claim. In addition, Mrs M conceded that when she was taking out insurance in January 2023, she searched providers as she was concerned about the length of time it took to process claims. On the balance of probabilities, this pre-occupation with the claims process shortly before loss of her phone supports Great Lakes' concerns about the claim.*

*The manipulated invoice together with these additional factors provides a strong indicator of fraud. In such circumstances, declining a claim and cancelling the policy would be regarded as a course of action consistent with the Insurance Act 2015 as well as standard insurance policy terms and conditions. Even if a part of the claim story is genuine, the genuine aspects shouldn't be separated from the non-genuine aspects.*

*On a provisional basis, I therefore conclude that these combined factors raise significant and legitimate concerns about Mrs M's claim and that these concerns meet the service's high bar regarding insurance fraud. In the circumstances, and again on a provisional basis, I don't consider that Great Lakes acted unfairly or unreasonably in declining Mrs M's claim'.*

In my provisional decision, I asked both Mrs M and Great Lakes if they had any further comments or evidence which they would like me to consider before I made 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.

Great Lakes didn't provide any further comments or evidence in response to the provisional decision, whereas Mrs M provided further submissions as follows.

Mrs M said that she'd been suffering from health issues since January 2023 and wanted to focus on her health. She said she'd submitted all the evidence she had to prove that her claim was genuine but said that going further would be a lost cause, even if she went to court as she felt that the court would consider the decision of the ombudsman. Mrs M added that she'd been with the relevant insurer for more than 10 years but never made a claim and said *'It is just unfortunate that I lost my phones for a short period of time. I am also very frustrated with how long my claims process has taken only to be rejected.'*

Mrs M said that she hoped that the ombudsman has listened to how Great Lakes conducted the interview *'as I never tried to hide any information from them.'* She said that in fact the interview was just about to end before the interviewer remembered to ask whether she'd been rejected for insurance previously, and it was this that led her to mention the separate insurance claim she'd made in January 2023 and that the replacement phone was given away to her sister as Mrs M now had the latest phone, and never anticipated that she would lose it. Mrs M said that if she'd tried to hide that fact, then she could have just not answered as she thought it was irrelevant to her current claim. She felt that from reading the provisional decision, the ombudsman was on the side of the insurer.

I've noted that Mrs M stated that she's already supplied all the evidence she had to support her position. Mrs M has therefore provided no further evidence in support of her complaint. I listened carefully to the interview and noted the way in which it was conducted. I also appreciate that Mrs M herself volunteered information about the second unconnected claim. Nevertheless, as stated in the provisional decision, even if a part of the claim story is genuine, the genuine aspects shouldn't be separated from the non-genuine aspects. It was right and proper that Mrs M herself provided this information as it was relevant to the claim

context and was likely to have been discovered by Great Lakes during its investigation in any event.

Finally, the question of whether the insurer can be said to have acted fairly and reasonably in declining a claim is not the same as a definitive finding of fraud. In this case however, whilst I have sympathy for Mrs M regarding her recent health issues, on the balance of probabilities, I conclude that Great Lakes acted fairly and reasonably in declining the claim. I confirm that this final decision has been reached on an independent basis and entirely on the basis of the available evidence. In all the circumstances, I've concluded that the provisional decision provides a fair and reasonable outcome to the matter, and I don't uphold Mrs M's complaint.

### **My final decision**

For the reasons given above, I don't uphold Mrs M's complaint and I don't require Great Lakes Insurance SE to take any further steps in response to her complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 22 September 2023.

Claire Jones  
**Ombudsman**