

## **The complaint**

Mr S has complained about how Lloyds Bank General Insurance Limited recorded a claim he made under his home insurance policy which he jointly owns with Mrs S. Mr S doesn't agree a claim was made.

All reference to the insurer Lloyds in my decision includes its agents.

## **What happened**

In August 2021 Mr S reported damage to the roof of his home to Lloyds. Lloyds considered the claim but declined it as it said the cause of damage wasn't an insured peril covered under the policy. It said the damage had been caused by wear and tear.

Lloyds recorded the claim on a central database which most insurers use to record a customer's claims and incidents history.

Mr and Mrs S applied for a policy with a new insurer. The new insurer told Mr S he hadn't disclosed a claim from August 2021. Mr S said the new insurer charged him an additional premium as a result of the claim.

Mr S complained to Lloyds. He didn't agree it was fair to record that a claim had been considered and declined. Mr S said it was an enquiry only as Lloyds didn't pay his claim. He said it was unfair that he should have a fraud marker recorded against him and have to pay a higher premium as a result.

Lloyds said that it had correctly recorded the claim and so didn't agree to remove it from the central database. It told Mr S it hadn't applied a fraud marker against his name - as no fraud had occurred.

Mr S remained unhappy and asked us to look at his complaint. Our Investigator didn't recommend the complaint should be upheld. She found no evidence that Lloyds had treated Mr S unfairly - or that it had applied a fraud marker against his record.

Mr S didn't agree and so he wants an ombudsman 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.

Mr S says he couldn't have known his claim would succeed until he contacted Lloyds. He doesn't see why he should have to pay an additional premium as his claim was unsuccessful and he had to pay to repair the damage himself. He said this is why he didn't report the claim to his new insurer - and he says an agent representing Lloyds in the administration of the policy told him a fraud marker had been applied to his record.

There are two separate organisations that an insurer may share information with: the central database where claims are recorded - and an organisation that records information about fraudulent activity. For ease in my decision, I'll refer to these organisations as 'C' and 'F'

respectively. As the Investigator explained, Mr S's policy wording from Lloyds sets out that it may share information with third party organisations about Mr and Mrs S.

C is used by insurers to check if a customer's claims history is consistent with the information given when applying for a policy. Most insurers in the industry have signed up to recording all incidents reported to it on the central database. This database can also be used as a tool to help prevent fraud.

I am limited as to what I can comment on as to what Mr S's new insurer told him as it cannot form part of my decision against Lloyds. So I cannot make a finding about what Mr S says his new insurer told him when he applied for a policy with them. That doesn't mean I don't believe Mr S. But I'm unable to comment in this decision as to the actions of the new insurer. I can only consider whether Lloyds has acted unreasonably and if it treated Mr S unfairly.

I've listened to two key calls between Mr S and Lloyds: in August 2021 when he reported the damage to his home and in February 2023 when he raised concerns about how the damage he reported had been recorded by Lloyds.

When Mr S contacted Lloyds about the damage to his home, he agreed to make a claim. At the point when a claim is made, an insurer is entitled to record it as such. There are times when a claim would be recorded as an 'incident only'. As an example; in the event of a motor accident: a customer can report the incident to their insurer as a third party was involved, but no party makes a claim and no party requests repairs to be carried out. So there are no costs involved in this claim and no claim for losses was made. In these circumstances, it would be recorded as an 'incident only'.

I appreciate that Mr S says he couldn't have known his claim would be declined when he contacted Lloyds to report the damage. I agree. But I think Lloyds treated Mr S fairly and as it would any other customer in recording a declined claim rather than an 'incident only'. I think the agent explained the claims process to Mr S and he was able to make an informed decision as to whether to go ahead with the claim. He agreed to do this. Lloyds instructed an assessor to visit Mr and Mrs S's home to determine if the cause of damage was an insured peril. The assessor will have incurred a fee for their work and so there will be associated claim costs.

So I think Lloyds is entitled to have recorded the claim from August 2021 as a declined claim. And - as Mr S has told us - this seems to have been the case when he applied for a policy with another insurer and hadn't disclosed the August 2021 claim to them. The recording of the claim seems to have prompted the new insurer to ask Mr S about the August 2021 claim.

When we asked Lloyds to provide a screenshot of the claim entry on C, the screenshot doesn't show the claim as being recorded.

Lloyds has told us it doesn't know why the claim isn't showing on C. It says it didn't instruct for it to be removed.

As C is a third party company, I cannot make any further comments as to the recording of the claim. All I can say is that Lloyds hadn't acted unreasonably in recording it - and had treated Mr S fairly and as it would any other customer in the same circumstances when it did.

When Mr S called Lloyds in February 2023 he said he had been advised by the administrator of the policy that a fraud marker had been applied. Lloyds' agent didn't understand why this might be the case if no fraud had occurred.

In its response to Mr S's complaint, Lloyds confirmed that it hasn't applied a fraud marker. So I'm satisfied - in the absence of any information which contradicts this - that Lloyds hasn't added a fraud marker with company F against Mr S's name for the August 2021 claim.

I understand Mr S will be very disappointed with my decision. But taking everything into account, I don't think Lloyds treated him unfairly. So I'm not asking it to do any more.

**My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 29 August 2023.

Geraldine Newbold  
**Ombudsman**