

The complaint

Mr and Mrs T complain that Liverpool Victoria Insurance Company Limited (“LV”) voided their home insurance policy following a claim for water damage.

What happened

As the circumstances of this complaint aren’t in dispute, I’ll summarise what happened.

- Mr T got in touch with LV in January 2022 about water damage to the kitchen ceiling below the bathroom.
- LV appointed a surveyor, B, to inspect the damage. B said it had dealt with a claim from Mr and Mrs T in 2017, which was settled by making a cash payment. It thought the damage seen in 2022 was in the same area as it was in 2017. LV asked Mr T to explain what had happened.
- When Mr T didn’t do so, LV said he’d tried to deceive it into providing a financial benefit twice for the same damage. It voided the policy from the date of the claim, which means treating the policy as if it didn’t exist from that point. As a result, it didn’t take the claim further.
- Mrs T said Mr T had been very unwell during the claim, including having time off work for stress, and couldn’t recall the earlier claim when getting in touch with LV in 2022. All correspondence during the recent claim had been with Mr T and his state of mind meant he was unable to deal with it. And, as a result of having to declare a voided policy, new home insurance was too expensive for them to buy, so their home had remained uninsured since the policy was voided.
- Our investigator thought LV had acted fairly. He said LV had shown some of the damage was the same during both claims. But Mr and Mrs T hadn’t shown there had been a further leak. Whilst Mr T had been off work with stress in early 2022, there wasn’t any evidence to show why he’d been unable to recall the earlier claim.
- Mrs T disagreed and ask for an Ombudsman to review their complaint. She made a number of points, which I’ll summarise:
 - Mr T had been off work for almost three months with severe stress. Symptoms of this include difficulties with concentration and memory.
 - The FCA has published guidance on dealing with vulnerable customers, which hasn’t been taken into account.
 - All of LV’s correspondence was with Mr T. Given his illness at the time, it’s clear why he didn’t engage with LV. Mrs T was unaware of the correspondence or the impact on the claim and policy.
 - Mrs T recalls carrying out some work after the 2017 claim – replacing the bathroom floor and painting the kitchen ceiling.
 - And she says there was a second leak in 2022, which meant work was carried out to a pipe or pipes.

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.

LV has voided the policy by relying on a policy term. I'll quote the relevant parts:

You must not commit fraud.

You are committing fraud if you, or anyone else insured by this policy or acting on your behalf, knowingly:

...

- *Make a fraudulent or false claim in full or in part:*
 - *By providing false information in order to influence us to accept a claim;*
 - *By exaggerating the amount of the claim; or*
 - *By supplying false or invalid documents in support of a claim.*

The policy term goes on to say that if fraud is established, LV won't pay a claim under the policy and may cancel or void the policy. The onus is on LV to show it would be fair to rely on the policy term.

LV's argument is essentially that Mr and Mrs T have knowingly claimed for the same damage twice. So I've considered the evidence LV has provided about this – as well as the circumstances Mrs T has described.

B's reports from 2017 and 2022 both show damage to the bathroom floor and kitchen ceiling. B notes the bathroom flooring was replaced between the claims and that's clear to see. B said the damage to the kitchen ceiling was the same though. Looking carefully at the photos in both reports, I can see why. The 2022 damage is very similar and, where it differs, it seems the 2017 damage has worsened. Mrs T says she recalls the ceiling being painted, but not repaired or replaced. So I think it's likely the ceiling damage is largely the same.

Mr and Mrs T said there was a leak from a pipe beneath the bath in 2022 – and that caused new damage. But they haven't provided any evidence to show a pipe was repaired, replaced, or otherwise put right in 2022. So it's not clear there was a new leak.

That means there's no evidence of a new leak, or new damage to the kitchen ceiling. So I can understand why LV thought Mr and Mrs T were claiming for the same problem twice.

Mrs T says Mr T was very unwell during the 2022 claim because he was suffering from severe stress which impacted his memory. When he called LV in 2022, he had no recollection of the earlier claim. She's pointed to guidance about dealing with vulnerable customers and asked LV and this Service to take it into account.

Mrs T has provided evidence to show Mr T was signed off work for around a month in January 2022 for 'work related stress'. No further medical evidence has been provided to support what Mrs T has said about the severity or length of Mr T's illness. I understand the symptoms of stress can vary widely from person to person. And the impact of it can range from mild to severe. So, without further medical information, I don't have any objective evidence about Mr T's particular symptoms and the impact on him specifically.

I bear in mind that if Mr and Mrs T could evidence a pipe repair in 2022, that would likely show they weren't claiming for the same problem twice – regardless of Mr T's mental health.

And if there wasn't a new leak in 2022, I would have to be persuaded that the impact on Mr T's mental health was so significant that it had severely impaired his memory of events and he was effectively unable to understand what he was doing or saying when he contacted LV. I can't rule out that possibility, but I don't have any evidence to show that was the case. So, on the strength of the available evidence, I'm not satisfied that was likely what happened.

I know Mrs T feels strongly that LV's communication ought to have been with her, as well as with Mr T, given they're joint policyholders. It isn't always necessary to communicate with both policyholders. But for a matter as serious as voiding the policy for fraud, I would usually expect that to happen. LV could have done more to act fairly and reasonable here and I think it's accepted that.

However, even if LV had written to Mr and Mrs T jointly, I'm not persuaded that would likely have made a difference. Through LV's complaint process, and referral to this Service, Mrs T has had the same opportunity to comment and provide evidence that she would have had if LV had contacted her.

Overall, I'm satisfied it was fair for LV to rely on the policy term above to void the policy and not take the claim any further. So I won't be requiring it to take any action.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T and Mrs T to accept or reject my decision before 23 October 2023.

James Neville
Ombudsman