

John Lewis adds cyber-scams to home insurance

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John Lewis's cyber-cover is part of its specialist home policy GETTY IMAGES

John Lewis has unveiled a home insurance policy that pays up to £50,000 to victims of online fraud — even if you have been tricked into transferring money.

The new cyber-cover, underwritten by Covea, is part of John Lewis's specialist home policy covering listed properties, second homes, properties with six or more bedrooms and valuable art and antiques.

It also covers push-payment fraud, where people are tricked into authorising a payment into another account, such as through the faster payment scheme. Unlike in credit card fraud, victims are not automatically entitled to their money back.

John Lewis pays out if a policy holder is duped into transferring money to a fraudster — but only if the victim can prove they had received a “fraudulent communication”.

This might occur if they were called by a criminal posing as a legitimate organisation, such as HM Revenue & Customs, and transferred money to the fraudster. Another example would be if a fake invoice were received and paid in the belief that it was genuine, but it was later found that the apparent sender's IT system has been hacked.

Most standalone cyber-protection policies are aimed at businesses. John Lewis's is the first to include specific push-payment fraud protection in home cover.

Data from the trade group UK Finance shows there were 43,875 cases of push-payment fraud resulting in total losses of £236m in 2017.

John Lewis said you must prove that you have exhausted all options before claiming, such as appealing to your bank and to whichever bank or financial institution you paid the money to.

Banks are not obliged to refund account holders who have transferred money to a fraudster, even if they were tricked, because the onus is on them to check the person is genuine. The sums involved can be life-changing.

In January, it became possible to complain to the provider to which a fraud victim sends their money, as well as to their own bank.

John Lewis's cyber-crime cover also includes a ransom payment — subject to strict conditions — if a hacker accesses your computer and threatens to release data or photos, as well as costs of correcting credit records if your identity is stolen.

Policy documents show it pays out for financial losses “as a result of a fraudulent communication” or “input, destruction or modification of data in . . . home systems”.

Mike Jackson, the mutual's director of financial services, said the policy would help victims of cyber-crime's “devastating consequences”.