

The complaint

Mr H complains that Liverpool Victoria Insurance Company Limited (LV) declined a claim for the theft of his vehicle.

Mr H is represented in this case by Ms N. But, for ease, where I've referred to Mr H, this includes Ms N.

What happened

In July 2018 Mr H's vehicle – a pick-up truck – was reported stolen. Mr H reported the theft to the police shortly after, but didn't log his claim with LV until 18 July 2018, as he said he was due to travel abroad just after the theft took place.

When Mr H did report the theft to LV, he said that the vehicle had been stolen on 6 July 2018 while walking his dog. And he explained that he'd reported this to the police immediately and that he held the only key.

As part of LV's investigation, it carried out HPI checks and discovered that the police had logged an interest in the vehicle on 9 July 2018.

LV requested Mr H send in the V5C registration documents and the keys to the vehicle, which he did in October 2018. But LV said the serial number didn't match what the DVLA held on file, and said it established that a new V5C certificate had since been issued.

LV maintained contact with the police, and during its investigation it found out that the vehicle had since been located, and records showed it had changed ownership around six days after the theft took place, and that the registered owner had changed at the DVLA on 15 July 2018. It also learned that the vehicle had been insured by a different provider since 20 October 2018 and informed the police of this.

LV contacted the new vehicle owner in November 2018 for information and they responded with proof of purchase and their V5C registration document.

LV continued to work with the police but, in May 2019, it told Mr H that it wasn't able to seize the vehicle, and that it would be down to the police to recover it from the new owner.

LV said it wouldn't pay out on a claim as the vehicle wasn't unrecoverable or written off. So it declined Mr H's claim.

LV initially said this was because the fire and theft section of the policy does not cover,

'loss or damage from any agreement or proposed transaction for selling or hiring the insured vehicle or someone taking the insured vehicle by fraud, trickery or deception or attempting to purchase the insured vehicle by fraudulent means'.

But LV later explained the decline of Mr H's claim more appropriately falls under this section,

“We will cover you for loss or damage to the insured vehicle that is caused by fire, lightning, explosion, theft or attempted theft. This includes standard accessories on it. We will also pay for loss or damage to the insured vehicle’s fitted entertainment equipment up to the limit stated on the schedule’.

LV said the claim was therefore declined as there was no loss to Mr H. This was because the policy would only cover the following:

- the vehicle’s market value where it’s been stolen and is unrecoverable; or,
- the repair costs of any damage present as a result of theft, where the vehicle is recovered and returned to the policyholder.

As Mr H’s vehicle had been found, but not yet returned to him, LV said it’s unaware of any loss occurring from damage for it to consider. And that as Mr H remains the legal owner and has the right to have his vehicle returned, there is - at present - no loss.

But LV did recognise the journey of the claim hadn’t been as straightforward as it could’ve been, and sent Mr H a cheque for £50 to compensate him for any distress and inconvenience this caused.

Unhappy with this, Mr H brought his complaint to our service.

An investigator considered Mr H’s complaint but didn’t think it should be upheld. He said that as Mr H’s vehicle had now been found, there was no loss or damage suffered in order to make a successful claim under the policy. So he didn’t think LV’s decision to decline Mr H’s claim was unreasonable or unfair in the circumstances. And he suggested Mr H continue to work with the police to have his vehicle returned.

Mr H still felt his claim should be paid. So as no agreement’s been reached, the case has come to me, as 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.

Where there’s a dispute about what happened, I’ve based my decision on what I think’s more likely to have happened in light of the evidence.

Although a number of matters and points have been raised, this decision focuses on what I think are the main issues. However, I’ve given careful consideration to all of the submissions made before arriving at my decision.

Having done so, I have to tell Mr H that I think the investigator has reached a fair outcome here. So I don’t uphold his complaint in this matter. I’ll explain why.

Mr H’s insurance policy covered him for, amongst other things, claims arising as a result of loss or damage to his vehicle – caused by fire, lightning, explosion, theft or attempted theft.

Mr H has said his vehicle was stolen. And I can see that he reported the theft to the police and provided LV with a crime reference number.

But for Mr H to potentially make a successful claim under his policy for theft or attempted theft, he would need to have suffered a ‘loss’ as a result of that insured peril.

LV has shown that when considering Mr H's claim, it discovered his vehicle had since been located and subsequently sold on to a third party. So while he was no longer in possession of that vehicle, at this stage it wasn't lost and it's likely he remained the legal owner of it. So based on the information LV has, there was no loss under the policy as a result of theft for which Mr H could make a successful claim.

I understand Mr H has had difficulty in getting his vehicle back. But as LV's rightly explained, it has no powers to recover his vehicle from a third party. So I think it's reasonable for LV to have advised Mr H to refer the matter to the authorities.

I can understand Mr H's frustration as at present he does not have access to a vehicle that would seem to remain legally his. But for the reasons set out above, I don't think Mr H has experienced a loss under the policy, so I won't be interfering with LV's decision to decline his claim.

I can see that LV has recognised that it could have done more in handling Mr H's claim more efficiently and has offered to pay him £50 in respect of this. If Mr H wishes to accept this offer, then he should contact LV directly to discuss this.

My final decision

My final decision is that I do not uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 29July2020.

Brad McIlquham
Ombudsman