

The complaint

Mr P says Accredited Insurance (Europe) Limited unfairly declined a claim he made on his motor insurance policy as it believed his car was stolen as the result of fraud or deception.

What happened

Mr P says he left his car with a garage in September 2017 on the basis that it would be displayed for sale, but not sold without his consent. In December 2017 the DVLA told Mr P of a change in the name of the car's registered keeper. He found that the garage had ceased to trade. Later, it emerged that the garage had sold the car to a dealership. The dealership sold it on, and a bank had financed the new registered keeper's purchase of it.

Mr P reported the theft of the car to the police straight away. He reported it to Accredited on 6 June 2019, and it put a theft marker on the car. Accredited was then contacted by solicitors acting on behalf of the new owner requesting the marker's removal. The solicitors told it that the car was bought in good faith, as the dealership was able to provide the car's keys and its registration documents to the new owner.

Accredited declined Mr P's claim for the theft of his car. It said the policy didn't cover loss of or damage to it resulting from fraud or deception. It also said there was an exclusion for any loss or damage to the car if it was being driven by, or was in the charge of, anyone not named on the certificate of insurance.

One of our investigators considered Mr P's complaint. She accepted that the garage had seemed to Mr P be a legitimate business and that he'd been the victim of a scam it had carried out. In those circumstances, she thought Accredited had applied the policy terms reasonably. Mr P said the police didn't agree with her decision, especially as she hadn't contacted them. In his view, the car was stolen from him as part of an elaborate crime ring and he couldn't have done anything to prevent its theft. He said other insurance firms had paid similar claims.

The investigator said she hadn't contacted the police as she didn't doubt the circumstances Mr P had described. She said we wouldn't allow an insurer to decline a claim based on fraud unless we thought it was reasonable, having considered all the evidence. She said Mr P had given the keys and the car's documents to the garage and she still thought Accredited had applied the policy terms fairly. Mr P said he'd only given the garage one key, and that the V5 registration document was forged when the car was sold. As there was no agreement, the complaint was passed to me for review.

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 P was assured by the garage that the car wouldn't be sold without his permission - yet that's what the garage did. So he was misled by its dishonest statement. It seems the garage persuaded him to hand over control of the car (with a key and the registration

documents). I think it's clear that the garage intended to profit fraudulently from its sale by depriving Mr P of the money paid by the new owner, which was rightfully his.

I think it was reasonable for Accredited to conclude that Mr P voluntarily handed over control of the car and its documents to the garage and that it was lost as a result of fraud and deception on the garage's part. The policy wording is clear in stating that it doesn't cover that situation, so I think Accredited acted reasonably in declining the claim.

Many insurance policies contain similar wording to Accredited's policy and exclude loss caused by fraud and deception. Mr P says similar claims to his have been paid by insurers, although he hasn't provided details of any specific cases. I can only look at the circumstances of Mr P's claim anyway. I think it's fair to say that each case is treated on its own merits (by insurers and by this service). In the cases Mr P refers to, I think the insurers' policy wording (or the claims' circumstances) are likely to have differed from those here.

In my opinion, it wouldn't have changed the outcome had the investigator contacted the police. We usually do that if we think we need confirmation of the facts, but they weren't in dispute here. Unfortunately for Mr P, I don't think it makes any difference that the garage apparently operated as part of a major crime ring and may have disposed of numerous other cars by deception. Accredited was only concerned with what happened to the car it insured.

I appreciate that Mr P has faced a substantial financial loss as a result of the claim not being paid, but as I don't think Accredited acted unreasonably, I can't uphold his complaint.

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 P to accept or reject my decision before 28 December 2020.

Susan Ewins
Ombudsman