

The complaint

Mr A complains that Society of Lloyd's wrongly decided not to replace his written-off car with a brand new one after he made a claim on his motor insurance policy.

What happened

Mr A's car was written-off in an accident on 12 October 2019. He thought he was entitled to a brand-new replacement car under the terms of the policy, as the original car was lost within a year of its purchase. Lloyd's said Mr A had bought it on 15 September 2018 and noted that the V5 registration document was put in his name on 28 September 2018. It also said finance for the car was started from 9 October 2018. As the car's total loss was over a year after all these dates, it said Mr A was only due a settlement sum for the car.

Mr A said the purchase invoice of 15 September 2018 was only an *offer* of purchase from the dealership garage, setting out the car's details, and it wasn't signed by him. He said the V5 document wasn't proof of ownership. And he provided evidence from the garage to show that it had registered the car to him in September 2018 solely to fulfil a sales target. Mr A said he didn't sign any documents until 20 October 2018 – when he took possession of the car – and that he didn't make a finance payment until November 2018.

One of our investigators reviewed Mr A's complaint. He said the finance agreement was signed by Mr A on 20 October 2018, so in his view that was the date that money changed hands and Mr A was allowed to drive the car away.

Lloyd's said the garage got funds for the car from the finance company on 10 October 2018. It said Mr A signed a 'suitability' document on 20 October 2018 that didn't refer to the date the funds were transferred (which it said was 10 days earlier). In its view, Mr A owned the car from the earlier date. It said if no finance had been in place, the purchase date would have been the date of the purchase invoice - 15 September 2018. It said it was irrelevant that the garage changed the name on the V5 for its own purposes. It also said that had the car been stolen before the date Mr A took it, the loss would have had to be dealt with by him, as monthly payments on the finance agreement would already have started.

The investigator pointed out that Mr A didn't make a finance payment until November 2018. Mr A said he didn't insure the car until he took possession of it, as until that date, had anything happened to it that would have been the garage's responsibility. Lloyd's asked for a review of the complaint by an ombudsman.

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.

The 'new vehicle contract' dated 15 September 2018 sets out all the car's features and the costs that make up the total purchase price. It isn't signed by either the garage or Mr A. I don't think it amounts to evidence that Mr A bought the car that day. I think Mr A could have changed his mind about the prospective purchase at that point or later. And the change of

name on the V5 registration document later in September 2018 isn't evidence of ownership. The garage has explained why it made the change at that point. It believed that Mr A was going to buy the car, but it didn't consider him to be the owner at that time.

The garage received the finance for the car on 10 October 2018, and Lloyd's says Mr A would have begun to make payments between then and the date he collected the car. I think finance would have had to be in place *before* Mr A was able to take ownership of the car, and he can show that the first payment he made was in November 2018.

Mr A signed a 'data protection declaration' on 19 October 2018. By doing so he accepted that as the car would be financed, his details could be passed on and that credit searches would be undertaken. The garage had anticipated the completion of this document and signed it on 15 September 2018 - but Mr A didn't sign it at that point.

Mr A signed two further documents, both on 20 October 2018. One was a 'new vehicle invoice' that confirmed he was the car's buyer for the stated price. The 'suitability' document he signed included information about his finance demands and needs, plus the details of his future payments on the car. Mr A had to agree that he'd be able to make the payments without difficulty and that he hadn't been denied car finance recently. At the end of the document was a statement saying that Mr A had reviewed the documents and the funding options and was happy to proceed with the car's financing.

I don't think Mr A was bound to the car's purchase until he signed the document. Without the finance, he wouldn't have been able to buy the car. The garage has confirmed that as far as it was concerned, the car's ownership only passed to Mr A on that date. He didn't insure it before then as he had no need to do so. I don't agree with Lloyd's that if anything had happened to the car before 20 October 2018 Mr A (or any insurance he may have had) would have had to cover the loss, as I think the garage was responsible for it until that point.

I think it's fair to say that some consumers buy cars and don't collect them immediately. But that doesn't appear to be what happened here. There isn't a document that states when ownership of the car transferred to Mr A, but I think the evidence points to that happening on 20 October 2018. As the car was written-off within a year of that date, under the policy Mr A is entitled to a new one of the same make, model and specification. So I think Lloyd's should deal with his claim in line with the remaining policy terms and conditions.

My final decision

My final decision is that I uphold this complaint. I require Society of Lloyd's to deal with Mr A's claim in line with the policy's remaining terms and conditions. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 10 February 2021.

Susan Ewins
Ombudsman