

The complaint

Miss S has complained about her car insurer, Accredited Insurance (Europe) Ltd (“AIE”). It declined her claim made when her car was stolen; she thinks it handled the claim poorly and is unhappy with it being declined, as well as her car (which was recovered) having been declared a category N total loss. She also has concerns that she was due a refund and that the ownership of the car was changed out of her name, even though she has the car.

What happened

Miss S contacted AIE on 30 July 2020 as she had discovered her car was missing. She reported she had last driven and seen it the day before. The loss was reported to the police too and the car was recovered on 31 July 2020. AIE began investigating the theft; it interviewed Miss S, subsequently applying for a copy of the police report, forensically examining the car’s key and generally considering the reported circumstances of the theft.

In July 2021 AIE told Miss S it was declining her claim as it hadn’t been able to validate it. AIE confirmed that Miss S’s car had been recorded as a category N write off, and it amended an industry database which had been showing it had taken ownership of the car. But Miss S told it that the DVLA (Driver and Vehicle Licensing Agency) had received a change of ownership request and she was no longer the owner. AIE said it hadn’t had her V5 form (her registration documents), or sent any details to the DVLA. But it said it would pay her £25.00 so she could amend the ownership details. It said though it wouldn’t amend the categorisation for the car – that had to be recorded even though the claim had been declined.

Miss S enquired about a premium refund. She had received a request for payment of an outstanding premium which she felt didn’t take into account payments she had made. AIE’s representative didn’t agree there had been an over payment.

AIE said it didn’t believe the claim had been delayed, or that its communication with Miss S had been poor.

Our Investigator considered Miss S’s complaint about the decline of the claim and the categorisation that had been applied to the car. He felt these were the core issues of the complaint and concluded that, in these respects, AIE had acted fairly and reasonably.

Miss S was dissatisfied. Her complaint was passed to me to consider. I felt AIE had failed Miss S in some respects. I issued a provisional decision to explain all my views, along with what redress I felt was required. My provisional findings were:

“Premium

I know Miss S thinks she is due a refund of premiums. But I’m not persuaded she is. That said I do think she has been unfairly charged in relation to the policy being cancelled.

Whilst AIE considered the claim Miss S continued paying her monthly premium. When the car was found to be a total loss AIE’s representative acted to cancel the policy and asked

Miss S to make a final payment. But the claim wasn't actually resolved at that time – the claim continued, with the car initially remaining in AIE's possession. The car was later returned to Miss S – and that was after the policy year had ended.

During that time, and whilst Miss S didn't have use of her car, AIE was still providing cover for it. So Miss S had a full year of cover and for that she was responsible for the whole year's premium of £559.55. Against that she had paid £318.33. That left a premium deficit for Miss S to pay AIE of £241.22. But AIE's representative, because it treated the policy as being cancelled, added charges for Miss S to pay of £165.00. That brought the total Miss S was asked to pay to £406.22. As the policy effectively continued to renewal, no cancellation costs should have been added. If Miss S paid the sum of £165.00 charged in respect of cancellation, this should be refunded to her, plus interest from the date she paid it until settlement is made.

If Miss S didn't pay all of the outstanding balance requested by AIE's representative and this has been noted on her credit record, AIE will have to now waive the sum of £165.00. It will also have to provide a letter to her explaining the non-payment was due to its error. Miss S can then use this letter to amend or explain any negative detail on her credit file.

Category N

Miss S thinks her car has been unfairly categorised as AIE has overestimated the cost to repair it. She had an MOT completed and it found only some minor repair was needed. She feels that if there had been a fault with the steering, which AIE had referenced during the claim, this would have been picked up.

I can understand Miss S's concern – but an MOT wouldn't pick up or account for all of the repair damage which AIE's repairing garage had found. And depending on the nature of the issue with the steering, this may not have been picked up by the MOT either. In contrast, AIE's garage reported that parts related to the steering of the car needed to be replaced. And AIE's engineer found that the additional cost of this work, which wasn't factored into an initial estimate for repair, made repairing the car uneconomical when set against the pre-accident value of the car, which Miss S agreed was around £10,500. AIE is entitled to rely on the opinions of its garage and engineer. Only if I felt they were likely flawed in some way could I reasonably say they couldn't be relied upon and I haven't seen anything which makes me think they are most likely flawed.

Change of ownership

It is unclear to me exactly how the DVLA came to change the ownership details for Miss S's car. And that lack of clarity exists, at least in part as, due to data protection issues, the DVLA can't tell Miss S who is currently named as the car's owner. AIE denies ever having had the V5, which would allow it to do this, and says it couldn't have done it anyway. Miss S says she gave the V5 to AIE. And I'm mindful that, despite AIE stating otherwise, it is usual practice for a V5 to be asked for early on in the process of a claim such as this. I can see AIE's agent certainly saw and took photos of the V5 in August 2020. And there's a letter which suggests it didn't just take photos – that it gathered and held the original documents which were later sent on to AIE.

However, information from the DVLA suggests the ownership details were changed around December 2020 – prior to AIE's agent sending it the original documents. And I haven't seen anything from AIE around that time that suggests it or any of its agents had acted to change the ownership details. So even though I think AIE could have had the V5 for Miss S's car, I'm not persuaded it's most likely AIE changed the car's ownership details with the DVLA. But

AIE has said it will pay Miss S the £25.00 the DVLA will charge for the car to be placed back in her name. In the circumstances, I think that is a fair way for this matter to be resolved.

Decline of the claim

With regret for the disappointment I know this will cause Miss S, I think AIE has acted fairly and reasonably in this respect. I'll explain.

An insurance policy usually offers cover for certain damage and/or losses caused in certain ways. Here Miss S's policy offers cover for theft of her vehicle. In making the claim the ball, so to speak, was initially in Miss S's court. That means it was up to her to show that, on the face of it, a theft had likely occurred. There's no doubt here that, initially, Miss S did that.

But then the 'ball' passes to the insurer. The insurer has to validate the claim. If it can show it likely didn't happen in the way reported, or that a policy term or exclusion applies to otherwise defeat the claim, then it may well be able to decline it. Here AIE has said it is declining the claim because it doesn't think the theft, "as reported by Miss S" likely occurred.

I can see that AIE has a number of concerns about various elements of the claim. But I think it's fair to say that the main concern that everything turns on relates to the key which Miss S had in her possession after the car was stolen and which she told AIE was the only key she'd had for the car. Miss S also told AIE that she was "100% certain" she locked the car when she left it. However, the expert evidence AIE gathered noted that the key wasn't of a type that could be cloned, and nor was the car equipped for keyless entry. All of which meant that if the car had been locked when it was left, and with Miss S having had the only key, it couldn't have been stolen without entry to it being forced, which would have triggered an alarm, which couldn't have been silenced by the thieves for at least ten minutes. AIE noted that the police had completed enquiries in the area and whilst a neighbour reported seeing someone drive off in the car, no-one reported hearing an alarm. Having seen everything, I can understand why AIE felt the loss had most likely not occurred in the way reported by Miss S i.e. with the car locked and/or the only key for it in her possession. This meant that it could no longer accept that she, on the face of it, had shown a theft had most likely occurred and it declined the claim. Given the available expert evidence, I think that its decision to decline the claim was fair and reasonable.

I know Miss S has reported people telling her that the car could have been accessed by thieves using certain technical devices. And I see she sent some detail from the internet showing this being done. But I don't think that type of anecdotal advice and general detail means that AIE must reasonably disregard the expert evidence it received, which was based on the specific details of Miss S's car and key.

For completeness, I know AIE has considered whether or not to view this as a fraudulent claim. I can see it has decided not to view it in that way. So whilst it hasn't accepted the claim, it isn't accusing Miss S of any wrong-doing.

Delay and poor communication

I know Miss S has said she feels she was treated differently on account of her age. I haven't seen anything that makes me think that was the case.

But I do think the claim wasn't handled well and took far too long to progress. I accept that sometimes the progress of a claim can naturally and reasonably occur in a piecemeal way. But here I think that AIE could and should have managed its enquiries in a more cohesive and timely manner. For example, examining the key whilst waiting for the police report to be provided. I also note AIE misplaced Miss S's key on occasions which caused delays in its enquiries moving forwards. I further note that whilst AIE had already been told by its key expert that the key might only hold detail of limited relevance, because it had been used since the loss whilst the car was being stored, it didn't take note of that advice. This also caused delays.

A claim of this nature would always have taken some time to investigate and consider. But I think if AIE had managed it reasonably it would've only taken around six months to conclude rather than twelve.

I also think that AIE didn't keep Miss S up to date. I appreciate that there was limited detail it could have given her whilst its enquiries were ongoing. But this was clearly an important issue for Miss S and I think AIE could have done more to let her know she hadn't been forgotten. As it was it seems that it was mostly Miss S calling AIE.

I understand that the prolonged nature of this claim and the poor communication was frustrating and upsetting for Miss S. I think AIE should pay her £250.00 compensation to make up for that."

AIE made no objection to my provisional findings. Miss S said she accepted them. However, she also sent in a copy of a letter she'd received from AIE, written recently to assist her with her application to the DVLA to change the car's ownership details. She said it should be noted that, in that letter, AIE says the ownership details were incorrectly changed to AIE.

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 letter does confirm that an incorrect change occurred. But that was never in doubt because Miss S was not registered as the owner and she should have been. In any event an appropriate remedy which should allow the details to be corrected has already been put forward, with the parties already acting to progress it.

I remain of the view that my provisional findings, along with the redress I set out, are fair and reasonable in the circumstances. They now form the findings of this, my final decision.

Putting things right

I require AIE to:

- Refund Miss S the £165.00 charged for cancellation – if, of course, Miss S has paid this sum to it. Plus interest* from the date she paid it until settlement is made.

And if Miss S has not paid it all of the sum it told her was owed in December 2020, and this has been recorded on her credit file, it will have to provide a letter for her explaining the non-payment was due to its error. It will also have to waive the amount of £165.00.

I also require AIE to pay Miss S:

- £25.00 to allow her to change the ownership record with the DVLA.
- £250.00 compensation for distress and inconvenience caused.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs requires AIE to take off tax from this interest. If asked, it must give Miss S a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require Accredited Insurance (Europe) Ltd to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 31 August 2022.

Fiona Robinson

Ombudsman