

The complaint

Mr C complains that Highway Insurance Company Limited declined his claim on his commercial motor insurance policy following the theft of his van.

What happened

Mr C told Highway that his van had been stolen whilst its door was open, but the keys were still in his possession. Highway declined the claim because it said Mr C's policy didn't cover thefts when a door had been left open.

Our Investigator recommended that the complaint should be upheld. He thought the policy term in the policy summary that Highway had relied on to decline the claim was vague. And so he thought it was unfair for Highway to rely on it. So he thought Highway should consider Mr C's claim in keeping with the remaining terms and conditions of his policy.

Highway replied that Mr C had been away from his van inside his house at the time of the theft and so wasn't in a position to deter it.

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.

When Mr C reported the theft, he told Highway that he'd left the van unlocked and the door open when it was stolen. Highway said the policy didn't cover theft in such circumstances. I think this is a common exclusion in motor insurance policies, and I don't find it unusual or unreasonable. But it is significant, and I would expect it to be set out in the policy wording and in the summary or Key Facts document.

In the Insurance Product Information Document (IPID) the exclusion is stated as:

"Theft if you leave your vehicle unlocked, with a window or sunroof open, with the vehicle keys or other ignition device in, or on the vehicle"

I agree this exclusion is unclear. I think this could mean that theft is excluded when the van is unlocked, **and** the keys are in or on the van. Mr C still had the keys and so I think he could reasonably think that his theft wasn't excluded from cover.

I agree that the exclusion is more fully and clearly explained on page 14 of the policy booklet in section 2, Loss or damage to your vehicle, what is not covered:

"Loss of or damage to your vehicle following theft or attempted theft if it was unoccupied at the time of the loss or damage, unless your vehicle was locked and the ignition key or other removable ignition device was not in or on your vehicle."

And page 29 of the policy booklet, under protecting your vehicle and belongings, also provides guidance that doesn't form part of the policy:

"Never leave a door unlocked or a window or sunroof open, even when just going into a shop for a moment or two. If you use the key fob check the vehicle has actually locked before you leave it. Your policy may not cover you if you do not protect your vehicle against damage or theft."

But I think it was reasonable for Mr C to rely on what he read in the IPID policy summary. I think if the exclusion had been better explained, then Mr C may have acted differently. And so I think it was unfair for Highway to rely on this exclusion to decline his claim.

Highway also said Mr C had left his van unattended. Mr C had described the circumstances of the theft where he was going back and forth from the van to a house. He said he was inside the house for a minute and a half when he heard the van screech away. And he still had the van's keys.

Our approach is that it's usually fair for an insurer to decline a theft claim when a vehicle has been left unattended with the keys on or in it, as set out in the above policy term. But I think it would be unfair for Highway to decline Mr C's claim for the same reason as above that this exclusion from cover isn't clearly set out in the IPID and Mr C retained the keys.

Putting things right

I require Highway Insurance Company Limited to reconsider Mr C's claim in line with the remaining terms and conditions of his policy.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Highway Insurance Company Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 16 January 2023.

Phillip Berechree
Ombudsman