

The complaint

Mr D is unhappy that Liverpool Victoria Insurance Company Limited (“LV”) declined a claim on his motor insurance policy for the theft of his vehicle.

What happened

In March 2022, Mr D’s daughter took his keys and went to his vehicle to get her bag – but, having retrieved it, accidentally left the vehicle unlocked with the keys inside it. As a result, Mr D’s vehicle was unfortunately stolen.

Mr D put in a claim with his motor insurer, but LV declined the claim. It said the claim wasn’t covered due to the specific exclusions in the policy for any loss resulting from the keys being left in the vehicle and the vehicle being unlocked. Mr D raised a complaint, saying he was unaware his daughter had taken the keys – and it wasn’t fair he was being held responsible for someone else’s actions. LV maintained its position, so he referred the complaint to our service for review.

An investigator here thought LV had fairly declined the claim. He thought LV was able to rely on the exclusions it had cited, so didn’t recommend the complaint was upheld. Mr D didn’t accept the investigator’s view, and asked for an ombudsman to make a final decision on the matter. So the complaint was passed to me.

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.

Having done so, I’m not upholding Mr D’s complaint. I know this will come as a disappointment to Mr D, but I hope my explanation below at least helps him understand how I reached this decision.

I appreciate the argument Mr D is trying make – that his policy summary says loss or damage won’t be covered if ‘you’ (implying the policyholder) leave the keys in the vicinity of the vehicle or leave it unlocked. So, his thinking is the claim should be covered as someone else left the car unlocked and with the keys. But the policy terms themselves say LV won’t pay for loss or damage by theft if ‘*your car has been left unlocked*’ or if ‘*the ignition device is left in on or attached to your car*’ – there’s no mention of who has to leave it unlocked or with the keys, just that a claim won’t be covered if those things are the case. It’s the policy terms, rather than the summary, which form the basis of his insurance contract with LV. So I don’t think the circumstances here are covered.

Though I acknowledge the difference Mr D has highlighted, I’m not persuaded things would be different had the summary wording been more closely aligned to the terms. Mr D wasn’t aware his keys had been taken, so knowledge of the policy wording wouldn’t have affected whether his car was stolen. These are also common terms in motor policies, so I’m not persuaded he could have easily found insurance elsewhere that covered this scenario.

But Mr D's policy has another exclusion which I find applies – his policy doesn't cover loss or damage '*where your car is driven or used without your permission by a family member or persons living in your household unless you report them to the police*'. Reporting such theft to the police shows tacit consent wasn't given by the policyholder for any keys to be taken or the vehicle to be used. In this case the loss occurred as a result of the car being used by a family member without Mr D's permission – and I'm not aware Mr D has reported his daughter to the police for stealing his keys (though I know he reported the vehicle's theft). So the claim also isn't covered due to that exclusion.

The term relating to use by a family member is a common one in motor policies – as insurers generally aren't willing to cover the increased risk associated with those that live with policyholders having easier access to the insured vehicle and its keys. It's a common exclusion, so we wouldn't expect it to be specifically highlighted at the point of sale. I've not seen anything else that leads me to think it wouldn't be fair to rely on it in this case.

So, while I appreciate the difficult situation Mr D finds himself in, having been the victim of theft – I consider LV has acted fairly by declining the claim. That's because his motor policy doesn't cover theft resulting from these circumstances

My final decision

My final decision is I don't uphold Mr D's complaint about Liverpool Victoria Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 27 January 2023.

Ryan Miles
Ombudsman