

The complaint

Mr R has complained about Tradex Insurance Company Limited's decision to reject a claim he made under his taxi insurance policy.

All reference to the insurer Tradex in my decision includes its agents.

What happened

Mr R bought a taxi insurance policy with Tradex through a broker. He was involved in an incident with another vehicle and reported it to Tradex.

Tradex discovered that the car Mr R had insured with it was under a finance agreement between the person Mr R said he had bought it from (which I'll refer to as Mr B for ease) and a finance company. So it said Mr R didn't have an insurable interest on the vehicle and declined his claim.

Mr R asked us to look at his complaint. Our Investigator didn't think Tradex had done anything wrong.

Mr R wants an ombudsman to decide. He wants me to listen to phone calls he had with Tradex.

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.

A motor insurer provides indemnity on the basis that the policyholder has an insurable interest in the vehicle. In this case, Mr R says he bought the car from Mr B. There were inconsistencies in the information Mr R provided Tradex with: about the amount he said he bought the car for and evidence of repayments by way of bank statements Mr R said he made to Mr B which didn't match. Mr R said the finance company was happy with the agreement for him to repay Mr B by way of instalments. Mr R later said he wasn't aware there was a finance agreement in place.

The V5C registration document showed the registered keeper of the vehicle changed to Mr R in October 2021. However, this didn't confirm that Mr R was the registered owner. The owner was the finance company.

There was a balance owed to the finance company when Mr R made a claim. This was under an agreement between Mr B and the finance company. So Mr R wasn't able to show Tradex he had an insurable interest in the car.

Tradex provided a copy of the finance agreement. On review, the terms were breached when Mr B sold the car to Mr R. As the finance company owned the car, it wasn't Mr B's car to sell.

Mr R may have been able to take ownership of the car once the finance had been paid. But as things stood at the time of the incident, Mr R did not have an insurable interest in the car.

I understand my decision will be very disappointing for Mr R. But I don't think Tradex has done anything wrong, so I'm not asking it to meet the claim. I think it has fairly rejected his claim in line with the policy.

I don't think it is necessary for me to listen to calls Mr R had with Tradex. This is because my decision is based on the evidence of ownership and insurable interest, evidence of payments, sales receipt and the policy. This evidence is sufficient for me to decide Tradex has acted reasonably in declining the claim.

Mr R is unhappy that Tradex has kept the premium he paid under the policy. As Tradex is obliged to deal with the third party claim in line with the Road Traffic Act, a claim has therefore been made under the policy and so the full year's premium is due.

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 R to accept or reject my decision before 20 March 2023.

Geraldine Newbold
Ombudsman