

The complaint

A company that I'll refer to as R has complained about Aviva Insurance Limited's decision to turn down its claim following the theft of an insured vehicle under its Mini Fleet insurance policy, on the basis it did not have an insurable interest in it.

R is represented by Mr M.

What happened

R is a vets practice and made a claim for a vehicle that was stolen in July 2022, which it has said had been rebuilt and had the rear converted to a vet ambulance. Mr M bought the chassis, wheels and engine and the registration number of the vehicle in 2019. And he registered the vehicle in his name in June 2022. He is the partner of the only director of R, who'll I'll refer to as Ms B. Mr M has further explained that he and Ms B decided to rebuild the vehicle for it to be used as part of R's business. Mr M has said R paid for the rebuild and conversion and that the vehicle actually belonged to R at the point it was stolen.

Mr M provided Aviva with a copy of the invoice for the rebuild of the vehicle of around £20,000 made out to him on behalf of R. And he also provided a bank statement from R's bank account to show a £35,000 withdrawal, which he said was the cash used to pay for the rebuild.

Aviva took some time to consider the claim, but eventually decided there was insufficient evidence that the vehicle was owned by R. And this meant R didn't have an insurable interest in it. In view of this, they retrospectively deleted the vehicle from cover and turned down R's claim. Mr M complained to Aviva on behalf of R, but they stood by their decision on the claim.

Mr M asked us to consider R's complaint. One of our investigators did this. She gathered more evidence from Mr M and sent this to Aviva. She suggested R had provided sufficient evidence to show it had an insurable interest in the stolen vehicle and that Aviva should consider R's claim on this basis.

Aviva did not agree with the investigator and the case was passed to me for a decision.

Having reviewed the evidence, I spoke at some length with Mr M and he provided further evidence to support his assertion that the stolen vehicle belonged to R.

I also offered to discuss the complaint with Aviva, but they didn't indicate they would like to do so.

When I spoke to Mr M he explained he'd originally purchased the chassis, wheels and engine of the vehicle and the registration number and had planned to get it rebuilt. He and Ms B then decided that R would pay to rebuild the vehicle and that it would be used for R's business as a vet. And this is why they had the rear upgraded to be a vet ambulance. He explained that he registered the vehicle in his name in June 2022 as he did not really think about the significance of doing so.

Mr M provided the following additional evidence to us and copies of these documents were provided to Aviva:

- A copy of the original invoice for the rebuild, from a company I'll refer to as C, of £20,037.90.
- A copy of an invoice for the conversion of the rear of the vehicle to a vet ambulance, produced by the company that did the work; albeit produced after R had made the claim for the vehicle, but dated at the time the work was carried out.

Mr M explained that he paid both invoices in cash. And that he paid the company which did the rebuild in cash instalments as the work progressed.

I issued a provisional decision on 13 April 2023. In this I explained why I'd provisionally decided that R had established it had an insurable interest in the vehicle and that Aviva should consider R's claim on the basis it did.

I gave the parties until 27 April 2023 to provide further comments and evidence in response to my provisional decision.

Mr M responded to say R agreed with it. Aviva asked if they could discuss the complaint with me over the telephone. As I'd spoken to Mr M on several occasions, I thought it was appropriate to speak with Aviva. After they'd spoken with me Aviva confirmed that they accepted R had demonstrated a financial interest in the insured vehicle and that this means an insurable interest exists. And they went on to say they are now willing to review and re-assess this claim in line with the policy terms and conditions.

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.

As both parties agree with what I provisionally decided, I see no reason to comment further or alter my view on the fair and reasonable outcome to R's complaint.

Putting things right

For the reasons set out in my provisional decision and in this final decision, I've decided to uphold R's complaint about Aviva Insurance Limited and make them consider its claim in accordance with the relevant terms and conditions of its policy, on the basis R did have an insurable interest in the vehicle it has claimed for at the point it was stolen.

I should make it clear that I am not saying Aviva have to settle R's claim. I am just saying they must consider it on the basis R had an insurable interest in the vehicle it claimed for.

My final decision

My final decision is that I uphold R's complaint about Aviva Insurance Limited and order Aviva to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 24 May 2023.

Robert Short
Ombudsman