

The complaint

X complains about how Nelson Insurance Company Limited (“Nelson”) has handled a claim under his motor insurance policy. When I refer to Nelson I also mean its suppliers and claims investigators.

What happened

X had a motor insurance policy with Nelson covering his car, which was used for his private hire business.

On 29 March 2022 X says he used his car several times during the day and parked it at his home at 10pm.

About an hour later, the car was taken from his drive and the loss was discovered by X the following morning.

He made a claim from Nelson. It asked for evidence of X’s loss, which included two sets of keys for the car. One set of keys was in a good condition, the second set were very badly damaged. X told Nelson he’d driven over the second set of keys some time ago.

Nelson used a specialist forensic company to analyse the keys. It reported that it thought the key had been destroyed by hitting it with a hammer or screwdriver. It provided evidence that a car could not have caused the damage by driving over it. It also extracted data from the first key and said it showed the car had been driven, using this first key, at about 2.38pm but not later.

Nelson asked X about this. X maintained that he’d driven the car during the day, with his last journey ending at about 10pm. Nelson said X’s evidence would mean the key would report a last journey of 10pm, and another record would also be on the key of his previous journey at about 8pm.

Nelson said it wanted X to explain the events that’d happened, and the discrepancy with the key times, before it would continue with the claim.

X was unhappy about Nelson’s handling of his claim and he brought his complaint to this service. He wants Nelson to settle his claim by paying for the loss of his car.

Our investigator looked into his complaint and said she didn’t think Nelson had acted fairly. She referred to ICOBS 8.1.1 which says that Nelson should handle claims promptly and fairly and she didn’t think it had acted fairly. She thought Nelson should pay X £300 for the delays it had caused, and said that Nelson should assess X’s claim on the information it had and provide X with a decision about it.

Nelson didn’t respond to the view, so X’s complaint has been passed to me to make a final decision.

I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

I asked Nelson to make a decision about whether it would cover X's claim, or not, which was the central part of X's complaint to this service.

Nelson then said that it wouldn't pay X's claim without him supplying further information about how the key was damaged or if he had another explanation about the way his key or keys had been used.

From the evidence I have, X hasn't altered or added to his version of events.

I've read the file of evidence carefully and having done so I'm intending to uphold X's claim in part. But it's important that I say that I'm not upholding the main part of his complaint, his claim for the theft of his car. I know this will be a significant disappointment to X and I'll explain why I'm making this decision.

I also need to say that I'm issuing this as a provisional decision. This is because my findings are different from our investigator's in that I've gone further and included the decision about the theft of the car rather than the distress and inconvenience caused to X by Nelson's service.

By issuing this provisional decision I'm asking both parties to present further information for consideration, should they wish, so I can write a final decision in due course.

Nelson has said in its evidence to this service that it doesn't dispute that a theft occurred, but it thinks that X's version of events doesn't match with the evidence from its forensic key experts.

I've read the forensic key report carefully. The working key, which X says is the only working one, contains memory showing that it was last used during the day at 2.38pm, which is consistent with the timings given by X. But he maintains that he used the car a few times later on – and the key does not contain records of those journeys. The report says the keys are very reliable and it's very unlikely that it failed to record all of those later journeys.

The report also examines the second key and says that it could not have been destroyed as X said. Instead, the key showed evidence that it'd been destroyed by being hit with a tool.

It's these inconsistencies that Nelson has used to repudiate X's claim.

By using an expert like a forensic key company to examine the circumstances around this claim I think Nelson has acted reasonably. I must give due weight to the expert report, so I think Nelson has acted fairly in rejecting X's claim, unless he's able to provide more information about the key damage and use of the car.

I can see from the file that Nelson's expert recommended that it decline X's claim in July 2022. X's loss was significant as the car was his business, but Nelson didn't engage with X well over a significant period of time. Nelson said to X that it needed more information about what had happened, given the contents of its key forensic report, but it didn't reject his claim or help him understand what it actually needed.

So I think it's fair to say that Nelson's claims service wasn't as good as it could have been and X has been left waiting for a long period of time for it to make a decision. I've thought about his distress and inconvenience and I think £300 is appropriate and in line with this service's recommendations.

Responses to my provisional decision

Nelson agreed with my provisional decision. X responded and said he was having an expert look at the forensic report. He hasn't sent any further information to this service.

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 X didn't respond further and because Nelson agreed with my provisional decision, my final decision and reasoning remains the same as in my provisional decision.

My final decision

It's my final decision that I uphold this complaint in part. I direct Nelson Insurance Company Limited to pay X £300 for his distress and inconvenience from its poor handling of his claim. But I don't require it to do anything more.

Nelson Insurance Company Limited must pay the amount within 28 days of the date on which we tell it X accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 13 June 2023.

Richard Sowden
Ombudsman