

The complaint

Miss Y complains about Skyfire Insurance Company Limited ("Skyfire") and their decision to decline her theft claim. Miss Y also complains about the service she received during the claim process.

What happened

Miss Y held a motor insurance policy, underwritten by Skyfire. This policy was purchased through an intermediary, who I'll refer to as "F". Skyfire appointed F to administer the policy on their behalf and so, I will refer to any actions taken by F as if they were taken by Skyfire throughout the decision.

In July 2021, Miss Y's car was stolen, before being involved in a road traffic accident where the level of damage it sustained deemed it a total loss. So, Miss Y contacted Skyfire to make a claim on her insurance policy.

Skyfire instructed their specialised theft claim handlers, who I'll refer to as "B", to handle the claim. Again, as B were acting on behalf of Skyfire, I will refer to any actions taken by B as if they were taken by Skyfire.

Skyfire investigated Miss Y's claim to validate it. This included arranging several conversations with Miss Y, as well as obtaining a police report regarding the theft. This police report was received in March 2022, and it stated that Miss Y had said to the police the car hadn't been stolen. So, there was no valid crime number attached to it.

Because of this, Skyfire didn't think they were able to indemnify the theft claim and so, they declined it. Miss Y was unhappy about this, so she raised a complaint.

Miss Y thought she'd made Skyfire reasonably aware of her reasons for stating the car hadn't been stolen to the police. So, she didn't think it was fair for Skyfire to use her personal circumstances and vulnerabilities as a reason to decline the claim. Miss Y was also unhappy with the service Skyfire provided to her during the claim process, again considering the vulnerabilities she'd disclosed.

Skyfire responded to the complaint and didn't uphold it. They thought their decision to decline the claim was a fair one, in line with the terms and conditions of the policy, considering the information they had obtained during the claim process and from the police report. So, they didn't think they needed to do anything more on this occasion. Miss Y remained unhappy with this response, so she referred her complaint to us.

Our investigator looked into the complaint and upheld it. They recognised the personal nature of the information Miss Y had disclosed, and how Miss Y's situation and vulnerabilities impacted her decision making during the claim process. But even so, they felt Skyfire had declined the claim fairly, considering the fact no crime reference number had been provided as Miss Y had told the police no theft had taken place. So, they didn't think Skyfire needed to do anything regarding this aspect of the complaint at this point in time.

But they did think Skyfire failed to update Miss Y as proactively as they would've expected during the claim process. And they were satisfied this would've made an already difficult time even more upsetting for her. So, to recognise this, our investigator recommended Skyfire pay Miss Y £150.

Skyfire accepted this recommendation. But Miss Y didn't. She didn't think the £150 was enough, considering this wouldn't cover a month's payment for the finance agreement she had taken out when purchasing the car. And she didn't think it was enough to recognise the difficulties she faced during the claim process, and how much it had impacted her life overall. As Miss Y didn't agree, the complaint has been passed to me for a decision.

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 upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on Miss Y. I appreciate the significant difficulties she was facing in her personal life, which impacted the way she handled the claim process and I want to reassure Miss Y I've considered this at length when reaching my decision.

But when thinking about Skyfire's decision to decline the claim, for me to say Skyfire should do something differently such as overturn this decision, I first need to be satisfied they've done something wrong. So, I'd need to be satisfied they failed to act in line with the policy terms and conditions. Or, if I think they did act within these, that they acted unfairly in some other way.

In this situation, it's not in dispute that, at the time Skyfire took the decision to decline Miss Y's theft claim, Miss Y didn't have a crime reference number for the theft itself. I've seen the police report Skyfire saw, which confirms that Miss Y stated the car hadn't been stolen to the police. While I do understand why Miss Y stated this to the police, and this decision is in no way intended to place any sort of blame on Miss Y for this decision, I do have to take into account the impact this had on the claim overall.

The terms and conditions of the policy Miss Y held defines a theft as *"any theft or attempted theft that you have reported to the police and which you have a crime reference number for"*. In this situation, I recognise Miss Y did speak to the police. But, as I've explained above, the report explains Miss Y stated that no theft took place. So, no crime reference was given. Because of this, I don't think I can say Skyfire have acted unfairly, or outside of the terms and conditions, when deciding that no theft had taken place, based on the policy terms. And so, I don't think I can say they were unfair to decline the claim.

But I am aware that since Skyfire took this decision, and responded to Miss Y's initial complaint, she's now confirmed she's reported the theft to the police and obtained a crime reference number. And I would expect Skyfire to consider this new information against the terms of the policy, should Miss Y attempt to claim on the policy again.

I've then turned to the service Skyfire provided during the claim process. I note Skyfire accepted our investigator's recommendation that the level of service was unfair, and that a compensatory payment of £150 should be paid. As Skyfire accepted this recommendation, I

think it's fair for me to assume that both parties accept Skyfire acted unfairly here. So, I don't intend to discuss the merits of this in any further detail. Instead, I've focused on what remains in dispute, which is what Skyfire should do to put things right.

Putting things right

Any award or direction I make is intended to place Miss Y back in the position she would've been in, had Skyfire acted fairly in the first place.

In this situation, based on the information Skyfire had available to them at the time, I think they would always have declined Miss Y's claim. And I do think they were fair to do so. But, had Skyfire acted fairly, I think they would've done more to keep Miss Y proactively updated, to ensure she was fully aware of how the claim was progressing to try and mitigate any concerns she may have had.

And I think by not doing so, Skyfire added to the already difficult situation Miss Y found herself in. I've seen the system notes, which make clear Miss Y made Skyfire aware of her situation, and her vulnerabilities. So, I think Skyfire failed to keep Miss Y adequately updated knowing this.

And considering Miss Y's situation, I think the lack of updates would've added to an already upsetting time for her. The lack of updates led Miss Y to have to chase Skyfire herself, which would've been inconvenient. And I think this may have also impacted Miss Y's thought process on how best to proceed regarding obtaining a replacement car, considering her car involved in the accident had been deemed a total loss.

Our investigator recommended Skyfire pay Miss Y £150 to recognise the impact I've detailed above. And I think this offer is a fair one, that falls in line with our service's approach and what I would've directed, had it not already been made. So, this is a payment I am directing Skyfire to pay.

I understand Miss Y doesn't think this £150 is enough and I've carefully considered her reasons as to why. But this payment is intended to address the impact of Skyfire's failure to keep her updated. It isn't intended to address any financial losses she's incurred, as I think the claim was declined fairly. So, I haven't thought about the value of her monthly payments, nor would it be fair for me to consider these payments when considering what a fair award should be.

The payment also isn't intended to directly address the upset she's been caused by her dealings with the police, both before and during the claim process. The payment is intended to directly address the service Skyfire only provided to her, specifically during the claim process. And I think the £150 is a fair award, considering these parameters. Any complaint Miss Y had regarding the police and their involvement in this process would need to be directed to the police directly and it's my understanding Miss Y has initiated this process separately.

My final decision

For the reasons outlined above, I uphold Miss Y's complaint about Skyfire Insurance Company Limited and I direct them to take the following action:

- Pay Miss Y £150 to recognise the upset and inconvenience she was caused by their service failures.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Y to accept

or reject my decision before 24 July 2023.

Josh Haskey
Ombudsman