

The complaint

Mr D complains that U K Insurance Limited trading as Churchill ("UKI") declined a claim under his motor insurance policy.

What happened

Mr D had a motor insurance policy with UKI covering his car.

In late October 2022, a third-party vehicle collided with his car causing damage to the front off-side.

Mr D told UKI about the collision. UKI said it would collect his car but it said Mr D didn't co-operate with its repairers, so his car hadn't been recovered about five weeks later.

The police contacted Mr D in early December and told him his car had been found a short distance from his house. Mr D didn't know the car had been taken. He said there was further damage to the rear near- side of his car. He updated UKI about it.

UKI investigated his claim. It asked to interview Mr D about what had happened but he wasn't comfortable with the proposed process. He told UKI about this and asked that it correspond with him by email.

UKI said there were numerous discrepancies with the information he'd given it and what it thought had happened. Mr D's payments on the car were in default so the car was recovered and passed back to a third-party finance company (I'll refer to as "M") who had title of it.

Mr D brought his complaint to this service. He asks that UKI settle his claim.

Our investigator looked into his complaint and thought it wouldn't be upheld. She thought UKI had acted reasonably due to the reliability of Mr D's evidence.

Mr D didn't agree with the view so his complaint has been passed to me to make a final decision.

I issued a provisional decision asking the parties to consider the matter further:

I've looked at the evidence I've been given about what happened, and having done so I'm intending to uphold Mr D's complaint in part.

However, it's important that I say my proposed decision is complex due to what went on during late 2022. I'll explain further.

It seems to me that Mr D has made two claims from UKI. The first of which involved a third-party delivery vehicle colliding with his car, The second is that the car was then taken and driven away.

UKI has told this service that it wouldn't cover the second of those events, when his car was taken from his home and damaged further.

The collision (first claim)

Regarding the first event, UKI said

"We haven't repudiated his earlier claim, it's just the subsequent claim which was repudiated. However, the outcome of this second claim has affected the first in so far as the vehicle was repossessed during this period. As the customer no longer has possession of the vehicle, the repairs to the car are no longer applicable."

But I think that leads to an outcome that leaves Mr D in an unfair position.

Taking everything into account, I think Mr D's car was damaged in a collision with a third party. I understand the third party disputed liability at the scene, but under the terms of Mr D's policy I think it's fair to say he's entitled to indemnity.

What I mean by that is the costs of his repair should be paid by UKI, and UKI can seek to recover its costs from the third party in due course.

UKI has pointed out that Mr D doesn't have his car anymore as it was returned to M. It says that means it doesn't have to repair the car. But that doesn't mean Mr D wasn't left in a situation where he had to contribute more towards his settlement with M due to the repairs needed on it.

I asked Mr D to contact M and ask for details of his finance settlement figure, in order that I can see what charges were being made in respect of the damage. In later correspondence with this service Mr D supplied the settlement figure, and it's my understanding that the car was written-off by M and disposed of at auction.

Unfortunately the settlement figure isn't broken down sufficiently to be able to differentiate between any of the damage from the two separate incidents.

In this case, I'd expect UKI to make an assessment of the damage using the information available to it, and I can see there are several good-quality photos from the scene of the collision that may assist it.

It's important that I say this amount should be in line with the terms and conditions of its policy wording and as such I'd reasonably expect payment to be made direct to M.

For the avoidance of doubt, I'd only expect UKI to pay for the cost of the damage it could reasonably assess as being as a result of the collision, and by necessity these must be from an inspection of the photographs provided by Mr D of the damage, and any other evidence UKI has, as it appears any inspection of the car would be impossible.

The theft (second claim)

UKI's repudiation of the second claim made by Mr D focuses on his refusal to carry out a video interview with one of UKI's suppliers ("C") which investigates complex claims such as this.

I can see that Mr D did agree to be interviewed by C in March 2023. But he terminated the call because he didn't like the format of it and felt interrogated. He'd told UKI and C that he was struggling with his mental health and would prefer to have the information sent to him by email so he could respond properly. But C continued with the call despite Mr C saying he didn't feel up to it, resulting in Mr D ending it.

UKI offered other solutions, and Mr D countered those with suggestions of his own. Ultimately, UKI wasn't able to satisfy itself of the circumstances around the theft of Mr D's car.

Mr D has taken a significant amount of time and effort to provide this service with an explanation of the points made by UKI to repudiate the second claim.

I've read the entire file of evidence I've been provided, and considered the situation Mr D was in around the time his car was stolen. Taking everything into account, I think UKI has acted fairly and reasonably in its investigation of the circumstances. So I think its decision to repudiate this element of Mr D's claim is fair.

Overall

I've said above that this is a provisional decision. I propose to issue a final decision on the basis that UKI settle the first claim only on the basis I've talked about above.

I made an informal approach to UKI about this, and it said it couldn't consider this as there wasn't definitive evidence of what had happened in the collision, and that it thought the theft resulted in damage to the same area. I then asked Mr D to send evidence of the damage caused following the theft. He sent these, and I can see the car was significantly damaged to the rear – in other words, to the opposite corner of the car from the third-party impact.

I find that UKI's response leaves Mr D in a potentially unfair situation. Photographic evidence of the damage caused by the third party exists and I think it's fair that UKI pay for the reasonable damage resulting from the collision only.

Responses to my provisional decision

UKI responded and provided an assessment of the repair costs from the first claim, which was a total of £7,255.52.

Mr D responded and provided details of how he felt UKI mistreated him during the claims and its subsequent investigation.

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.

This case has taken a considerable time to resolve and I'd like to thank both Mr D and UKI for their patience and involvement in answering my questions and providing detailed and structured responses to them.

I've thought carefully about the responses I've received. Mr D has again provided me with details of what went on, particularly with UKI's investigation of the second claim for the theft of his car.

It's important I say that it's not the role of this service to determine how his car was taken and further damaged. It's our role to look at UKI's actions and see if they were fair and reasonable.

From the evidence I've been provided I can see that UKI's investigators proceeded with their investigation of the second claim despite Mr D telling them he didn't feel up to it. But, looking at the file, I can see there were several efforts to try and explore the entire matter further.

These efforts didn't result in UKI being able to satisfy itself about the nature of the theft of the car, and because it wasn't able to say what happened, it said it couldn't pay this second claim.

I think UKI's actions in investigating this second claim were reasonable and in line with other insurers, so I'm not going to uphold the second part of his complaint. But as UKI has been able to provide an assessment of the damage from the first claim, my provisional decision will stand and I'll require UKI to settle the claim accordingly.

For the avoidance of doubt, what this means is I'll ask UKI to settle that part of the claim only, in line with the remaining policy terms and conditions, which may mean payment is made to a third party.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint in part. I direct U K Insurance Limited trading as Churchill to settle the first claim made by Mr D (for the collision), in line with the terms and conditions of his insurance policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 24 April 2024.

Richard Sowden
Ombudsman