

## **The complaint**

Mr K complains that Admiral Insurance (Gibraltar) Limited unfairly declined a claim under his motor insurance policy for the theft of his car, cancelled his policy retaining the premiums, and registered a fraud marker against him.

Where I refer to Admiral, this includes the actions of its agents and claims handlers for which it takes responsibility.

## **What happened**

The detailed background to this complaint is well known to both parties, so I'll only summarise the key events here.

In August 2022, Mr K brought a car with cash for the sum of £14,500. He's provided a receipt which he'd written, and the seller had signed.

Shortly after, Mr K put the car up for sale. He says no one came to view the car but he was notified by an interested buyer that someone else had listed the same car for sale.

In October, Mr K says he started to receive fixed penalty notices for his car in locations which he hadn't been. He says he reported this to the police.

In November, a new keeper was registered on the V5 document. Mr K says he wasn't aware of this as the notification was posted to his parent's address where the car was registered. He did, however, receive a refund for his road tax following the change of ownership.

Later that month, Mr K found his car missing from the street he'd parked on the night before. He called the council to see if it had been towed but it hadn't. So he called the police and reported it stolen. He made a claim on his motor insurance policy underwritten by Admiral.

A car with the same registration number was subsequently found, but the police confirmed that it wasn't Mr K's car. The police advised Mr K that he'd purchased a cloned car.

Admiral declined the claim on the basis that:

- Mr K hadn't provided sufficient proof of purchase, in particular; evidence of the £14,500 cash paid for the car.
- The data retrieved from the car key Mr K had supplied showed that it hadn't been used since May 2022, which was inconsistent with Mr K's version of events.

Admiral cancelled Mr K's policy and informed him that, as it believed he'd intentionally tried to mis-lead it and acted fraudulently, all other policies connected to him would be cancelled or voided. Mr K says a fraud marker has been registered against him.

Mr K raised a complaint, which he brought to our Service. But our Investigator didn't uphold it as she was satisfied Admiral had declined the claim fairly. As Mr K didn't agree, the complaint was passed to me to decide. And I issued the following provisional decision.

### **My provisional decision**

When making a claim under an insurance policy, the onus is on the policyholder to prove they have a valid claim. If they do, the insurer should cover the claim unless it can prove that a policy condition or exclusion applies.

#### *Has Mr K proven he has a valid claim?*

The terms and conditions of Mr K's policy say that when a claim has been made, Mr K must give Admiral all the information and documentation that it considers necessary to deal with and validate the claim.

I don't think it's unreasonable for Admiral to want to see proof that Mr K owned the car he's claiming the theft of as he needs to show he has an insurable interest and that a genuine theft has occurred. But Mr K was unable to provide:

- a receipt for the purchase of the car,
- proof of funds that paid for the car,
- a valid V5 document in his name showing him as the owner of the vehicle at the time it was stolen (the car had been registered to a different owner by the time of the theft).

I appreciate Mr K has provided evidence of a bank transfer of £100 to the seller's cousin's girlfriend, which he says was a deposit for the car. He can also evidence a withdrawal of £5,000 from his account on the date of purchase, and a bank transfer of £3,900 sent to his parent's account two weeks later which Mr K says was to pay back the cash he borrowed. But these withdrawals don't indicate what the money was in relation to and it's unclear why the deposit was paid to someone other than the seller of the car.

There is also £5,500 unaccounted for. Mr K says the remaining funds was money he'd saved in cash over a number of years, and he has no way of evidencing it. But the onus is on him to prove his claim and so far, he hasn't provided Admiral with sufficient proof of these funds.

Mr K has now provided a receipt for the purchase, but he's asked us not to share this with Admiral. As Admiral doesn't have this information, I can't fairly say Mr K has proven his claim under the policy. But even if I take the receipt into account, it doesn't show any real detail of the parties involved and I don't find it particularly persuasive given that Mr K has written it himself.

Overall, I'm not satisfied Mr K has proven to Admiral that he has a valid claim for theft under his motor insurance policy. On that basis, I'm persuaded it was fair for Admiral to decline the claim.

#### *Has Admiral proven Mr K has acted fraudulently?*

In addition to declining Mr K's claim, Admiral has cancelled the policy and retained the premiums Mr K had paid. It has also registered a fraud marker against Mr K. To do so, the onus is on Admiral to show that a policy condition or exclusion applies.

Admiral says Mr K has been fraudulent and misleading in his claim. It says it doesn't believe the car was cloned, rather that Mr K has provided a key for a different vehicle altogether. It has provided a key scan report showing the data retrieved from the key and a locksmith's report who physically inspected the key.

Looking at the key scan report, I can see that the last time the key was used was in May 2022. But there are no details as to what car the key is registered to, only the registration number of the car recorded in the comments section.

The Locksmith report says the key is registered to a different registration number and car altogether. But it's not clear how that information has been ascertained from a physical inspection of the key. And it's not something identified in the key scan report. It also records the time of the last use differently to the key scan report.

I've asked Admiral for an explanation of various concerns and discrepancies with the key reports. But it's failed to provide an adequate response. As such, I don't find the key reports particularly persuasive.

Without the key reports, Admiral's belief that Mr K has acted fraudulently appears to lie solely on the lack of evidence of the purchase.

I appreciate there is some concern regarding whether Mr K did satisfactory vehicle checks when he purchased the car and whether he ought reasonably to have known the car was cloned when he received fixed penalty notices and a tax refund. But this doesn't prove that it's more likely than not that Mr K has acted fraudulently in his claim.

The police believe Mr K's car was a clone and the information provided points towards this. Admiral's fraud investigators have stated in their report to Admiral that there is no evidence to demonstrate that Mr K was involved in the disposal of his car or that he knew it was a clone.

Overall, I'm not satisfied Admiral has done enough to show that Mr K has acted fraudulently when making his claim for theft. So I don't think it acted reasonably when it made these accusations and I intend to uphold this part of the complaint.

### **Responses to my provisional decision**

Admiral has confirmed it has nothing further to add other than what's already been provided.

I'm aware Mr K wanted to provide additional comments however he hasn't done so despite an extension to the deadline.

### **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 neither party had any further submissions for my consideration, I see no reason to deviate from the outcome explained in my provisional decision.

### **My final decision**

For the reasons I've explained, I uphold this complaint and direct Admiral Insurance (Gibraltar) Limited to:

- remove all records of cancelled and voided policies against Mr K as a result of this claim,
- refund the policy premiums from the date the car was stolen, plus 8% simple interest per annum from the date the premiums were paid until the date Mr K is reimbursed,
- remove any fraud markers recorded against Mr K,
- pay £250 compensation for the distress and inconvenience caused to Mr K as a result of the allegation of fraud.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 2 October 2024.

Sheryl Sibley  
**Ombudsman**