

The complaint

Mr A is complaining U K Insurance Limited (UKI) has settled a claim a hire car company made for theft against his car insurance policy.

What happened

After Mr A's car was damaged in an accident, he was provided with a hire car. The hire car was insured under Mr A's UKI car insurance policy. The hire car provider – who I shall refer to as H – later contacted UKI to claim for the car's theft. UKI settled the claim. Mr A then complained it had done so as the incident had had a significant impact on his premium. He said it shouldn't have settled it and also says UKI should have spoken to him first.

Our Investigator didn't uphold this complaint. Mr A didn't agree with the Investigator's opinion, so the complaint's been passed to me to decide.

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.

I've decided to not uphold this complaint and I'll explain why.

H contacted UKI to say the hire car it provided Mr A had been stolen and it had reported the incident to the Police. I can see UKI emailed Mr A to advise H had made the claim, but it didn't call him to discuss this. I would have considered it good practice to have done so, especially given the circumstances H was purporting to have led up to the theft – i.e. Mr A had taken the car to Italy (with H's permissions) but he had told it he had no intention to return the car back from abroad and had left it there. But I'm not persuaded the situation would have been different had UKI done so.

Ultimately, it's not in dispute Mr A left the car abroad. And I've found H's testimony persuasive about what's happened in this case. I've seen sufficient evidence to show that Mr A asked H to extend the hire car period, but UKI said he'd already exhausted his hire car period. So H declined this. I've also seen evidence to show H sought to resolve this matter with Mr A, but it wasn't able to do so.

Mr A has later said the car had a gearbox fault. But I've not found his testimony persuasive in this regard. I haven't seen anything to show Mr A raised this with H prior to them reporting the car as stolen and it informing Mr A it had done as such. He's said the fault arose as soon he arrived in Italy, but he didn't raise this with H at the time and in fact asked to extend the hire period. I find it unlikely Mr A would have looked to extend the hire car if it had a fault, which he purports it did.

H has also set out that the hire car's tracker was blocked while on route to Italy and hasn't worked since. I haven't seen anything to show that this was as a result of Mr A's specific actions. So this alone wouldn't give fair grounds for UKI to have the concerns it did, but taking everything into consideration, I can't say UKI was being unreasonable.

It seems to me Mr A has chosen to abandon the car in Italy once H said it wouldn't extend the hire period. It's arguable that Mr A hasn't "stolen" the car, but has simply breached his hire agreement by failing to return the car. And this would be a civil dispute between Mr A and H. However, Mr A would then be liable for the full value of the car – around £30,000 had UKI not settled the claim. So, even if I think it was unfair for UKI to have settled the claim – which I don't – I think it's likely Mr A would have been significantly worse off had it not done so.

Taking everything into consideration, I can't say Mr A has lost out as a result of anything UKI may have done wrong.

My final decision

For the reasons I've set out above, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 28 January 2025.

Guy Mitchell

Ombudsman