

The complaint

X is unhappy that Society of Lloyds declined his claim on his motor insurance policy for damages following the theft of his vehicle.

What happened

In September 2019 X took out motor insurance through a broker which was underwritten by Society of Lloyds. In July 2020 he was detained by police and held in prison for unrelated charges until the summer of 2023. The policy with Society of Lloyds renewed but then subsequently cancelled in January 2021 due to non-payment.

A few weeks after he was detained, he was informed his vehicle had been stolen so he reported it to the police and his broker around the end of July 2020. The police responded in November 2020, advising he needed to prove ownership of vehicle.

X acknowledged this and advised he had requested a copy of the certificate from the relevant driving authority and would send it once received. He also requested an investigation into the theft of all his belongings from his address and explained his rent was due at the time of his arrest and he thought the theft was carried out by his landlord.

The police told X in December 2020 there were no new owners registered with the driving authority and suggested this may be a civil matter between him and the person who has the vehicle. They then closed their file.

They wrote to X again in August 2022 advising that he had to prove ownership and that there was no evidence to suggest the vehicle was stolen. They said after his release X could provide proof of ownership with a view to reporting it at that point. And at that time there were no new owners registered and it was suggested this may therefore be a civil matter between X and the person that had the vehicle.

X reported the theft again in June 2023 following his release. The police responded in July 2023 advising there was no further enquiries they could make. They had considered the information he provided, that property was left in the flat and not collected and then the rental agreement ended. The vehicle was left on the driveway and not collected. They felt it was a civil dispute as the landowner has the right to remove property left on his land. So advised X he needed to follow it up in a civil court.

The police then added an active theft marker in October 2023 and the vehicle was then recovered in November 2023. X was informed he could collect it from a storage facility, and he did so in November 2023 after paying for the storage fees.

Society of Lloyds had contacted the storage facility and was informed there wasn't any damage to the vehicle. However, X raised concerns about the storage fees he had to pay as well as damage to his vehicle, he shared photographs to support this.

In response to the claim, Society of Lloyds said that the vehicle had been returned to X with no damage so there was no insured peril to pursue. They referenced X's concerns about

wear on the vehicle and said that as this is wear and tear it wasn't covered under the policy. They also said there wasn't any evidence of damage caused by the alleged theft and with the change of ownership in July 2020, there would also be no evidence to prove what would generally be covered as an insured peril. They acknowledged X's concerns that he was told the storage charges would be covered and confirmed they weren't covered under the policy.

X brought his complaint to this service. Our investigator didn't think Society of Lloyds needed to take any further action and had treated X fairly in declining his claim. As X remained unhappy it was passed to me to decide. I issued a provisional decision on 11 December 2024 which said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'd like to reassure X that whilst I'm aware I may have condensed some of the complaint points in far less detail and in my own words, I've read and considered everything he's told us. I'm satisfied I've captured the essence of the complaint and I don't need to comment on every point individually, or possibly in the level of detail he may like, in order to reach what I think is a fair outcome. This isn't meant as a discourtesy, but it simply reflects the informal nature of our service.

Society of Lloyds have a responsibility to handle claims promptly and fairly and they shouldn't decline a claim unreasonably. The terms and conditions set out the agreement between Society of Lloyds and X and set out what is and isn't covered.

The policy provides cover for theft, I note it says:

"We will insure your vehicle against loss or damage (less any excess that applies) caused by: Theft or attempted theft, or taking your vehicle away without your permission."

In connection with theft the policy also covers recovery and redelivery, but it doesn't cover wear and tear. It says:

"Wear and tear, Your vehicle's value reducing, including loss of value as a result of damage, whether the damage is repaired or not, Damage to tyres, unless caused by an accident to your vehicle, Loss of or damage to your vehicle resulting from an unnamed co-driver, member of your immediate family, or a person living in your home, taking your vehicle without your permission, unless that person is convicted of theft,"

When X first reported the theft to the Police and his broker in 2020 it's clear there was some sort of dispute around ownership of the vehicle as the police asked for proof of ownership which I can't see was supplied during X's incarceration. The police were satisfied at the time that this was a civil dispute and closed their file, so I wouldn't have expected Society of Lloyds to do anything more as there wasn't any recorded theft by the Police at this point and they weren't taking matters any further. So, there wasn't a confirmed theft at this time.

The policy renewed in December 2020 and was then subsequently cancelled in February 2021 for non-payment, and I've seen evidence which shows that the vehicle was subsequently insured with another provider from March 2021 – March 2023. I've also seen information which shows that X ceased being the registered keeper of the vehicle on 7 July 2020.

X has said that he was still driving the vehicle until his arrest on 9 July 2020 and the person who transferred ownership did so without his permission. And that he believed the

documents had been stolen from the flat he was renting by the landlord. But the Police reference in their correspondence to X that they believed this to be a civil matter as X had left documents in his flat, and once the tenancy had lapsed, the vehicle remained on the landlord's property, so he was within his rights to remove it. Which again means there wasn't a confirmed theft of the vehicle, and no theft was logged by the police, so nothing further for Society of Lloyds to do at this point.

I note the vehicle was on cover with Society of Lloyds and in X's possession for about seven months. After he was imprisoned, there was five months remaining on the policy. It was then on cover with a different insurer for two years. Having reviewed the photographs of the damage sustained to the vehicle, it appears there is wear and tear in relation to the tyres, so this is something that wouldn't be covered under the policy regardless. In respect of the damage sustained to the bodywork, there isn't any evidence to support that this wasn't there before X was incarcerated. But taking X's word for that, I still can't be sure when the damage was sustained, it could well have happened when the vehicle was insured elsewhere especially as this was a two-year period. And I also haven't seen any evidence to support the damage isn't related to wear and tear over time.

X has provided some documentation from a European arbitration service which names a responsible party for the theft of his vehicle. However, I haven't seen any evidence that someone has been convicted or arrested for theft for this incident in the UK.

I understand X has had out of pocket expenses in relation to the storage costs and damage to his vehicle and he has put a lot of effort into trying to recoup this. However, taking account of the legal change of ownership, the vehicle being insured elsewhere for two years, the fact there hasn't been a UK arrest or conviction for theft and the Police felt this was more a civil dispute, as well as the damage sustained. I'm satisfied Society of Lloyds haven't been unfair or unreasonable in declining the claim.

My provisional decision

My provisional decision is that I do not uphold this complaint."

Responses to my provisional decision

Society of Lloyds didn't provide any further comments or information for consideration. X disagreed with the decision. He felt it was incorrect as it was assumed it was a civil case. He said Society of Lloyds and the Police had been negligent not taking action when he reported the theft. He also contested the information recorded by the appropriate agency in relation to the sale of his vehicle and also provided documents from a court outside of the UK in relation to his assets which he felt was relevant in this case.

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 have considered X's further testimony and information he provided. However, it hasn't changed my decision. I appreciate X feels the Police have been negligent and incorrectly assessed his report as a civil case. However, it isn't my role to comment on the actions of the Police. I've explained my thoughts on Society of Lloyd's actions in relation to this in my provisional decision and have nothing further to add to that. I know X has concerns about information recorded by the appropriate agency about his vehicle, but there has been no information provided from the appropriate agency to highlight this is an error. And whilst X feels the additional information he provided, regarding his assets, is related I haven't found it

to have any bearing on this complaint. I say this as it simply references enforcement action in relation to assets in that country.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 4 February 2025.

Karin Hutchinson
Ombudsman