

The complaint

Mr R complains that First Central Underwriting Limited (First Central) declined a theft claim he made on his motor insurance policy.

What happened

Mr R held a motor insurance policy with First Central. He contacted them to report that his vehicle had been stolen. First Central investigated the claim, but they ultimately declined cover. They said while Mr R's wife was named on the vehicle's V5 registration document, they didn't think he could evidence he had an insurable interest in the car.

First Central said Mr R had told them he purchased the car with cash from a friend of a friend – but he didn't have any receipts or withdrawal statements to show where the money had come from. And they also said they had concerns over Mr R's testimony about his whereabouts on the day of the theft, as well as issues around further information they asked for. Mr R wasn't happy with First Central's response, so he raised a complaint. First Central looked into things but didn't change their stance. They said they had concerns over the validity of the claim presented and couldn't settle it based on the information he'd provided.

Mr R remained unhappy with how First Central were handling his claim – so he brought it to this Service. An Investigator looked at what had happened and ultimately thought the complaint should be upheld - because Mr R had provided additional information which he said was evidence of how he purchased the car. Mr R agreed with the Investigator's recommendation but First Central didn't. They said there were still concerns over the claim and the new information Mr R had provided didn't satisfy all their questions. They also were unsure why Mr R hadn't provided this information at the start of the claim when asked.

I issued a provisional decision of this complaint, and I said the following:

“What I've provisionally 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 can understand why Mr R would feel frustrated and disappointed by First Central's decision to decline his claim. But it's important to note that First Central is entitled to conduct an investigation into the circumstances of a claim being presented to them, and, if they don't receive satisfactory evidence proving the claim, they're entitled to make enquiries or ultimately decline cover.

I've read the policy's terms to understand the cover provided. I can see First Central relied on the following term when declining to cover the claim:

“...The insurer will not pay a claim which is in any way fraudulent, false or exaggerated or if you or anyone acting for you makes a claim which is false or fraudulent. In these circumstances the insurer may cancel or void your policy

immediately without further notice, and any other policies that you may have with us will be treated in the same way."

In relying on the terms above, the onus falls on First Central to show that it applies. So, my role here is to think about whether First Central came to a reasonable conclusion in declining Mr R's claim - based on their investigation and available evidence.

First Central has provided their claim notes and I think they looked into things thoroughly. I can see they were initially concerned over Mr R's inability to explain where and when he purchased the vehicle from – which he said had been for £6,000 in cash, from a friend of a friend who he no longer had the contact details for. First Central requested information on this point several times and Mr R maintained he had lost contact with the seller.

Mr R also couldn't provide evidence of any cash withdrawals used to purchase the car; he said the money was from people paying him money owed to him, so he hadn't taken the money from a cashpoint or bank. There were also discussions around how many keys the car had – as First Central noted the key Mr R provided had minimal signs of wear.

In relation to these points, First Central raised their concerns and sought an explanation from Mr R, which I think was reasonable, and in line with what other insurers in the market would do in similar circumstances. So I don't think they acted unfairly here.

Since the complaint came to this Service, Mr R has provided a copy of a sales invoice from an auction house. He told us the seller of the car had used his account to purchase the car and then sell it on to Mr R once repairs had been made to it. Mr R explained that the person he purchased the car from buys cars from auctions, repairs and services them, then sells them on for profit. Mr R said the car had been purchased from the auction site using his own account as the other party didn't have an account. The car was then sold back to him after work had been completed on it, for more than the invoiced price. Mr R also said the car only had one key when purchased, and it likely showed minimal signs of use as he and his wife had the use of another car.

First Central looked at this evidence but they maintained that they still didn't have enough information to settle the claim. They said they had concerns over why Mr R hadn't provided this information at the start of the claim, and only volunteered the information after his complaint hadn't been upheld. First Central said they still had reservations around the claim; because the invoice showed a different price to the one Mr R said he had paid for the car, and they hadn't been able to make any further enquiries about the number of keys the car was sold with.

In situations like this, where the evidence may be incomplete or contradictory, I'll need to make my decision on the balance of probabilities. That is, considering the evidence which is available and the wider circumstances of the complaint. I've thought about this situation very carefully and I've considered the new evidence Mr R has provided and taken on board his explanation as to how he purchased the car.

On balance, I'm satisfied First Central have considered the available evidence and that they reached a fair and reasonable conclusion in declining cover. And I think they acted in the same way any insurer in the industry is likely to have acted in these

circumstances. In relation to the new evidence and explanation Mr R provided, I don't think First Central has acted unfairly by maintaining their decline of cover.

I say this because I recognise the evidence presented still contains inconsistencies that haven't been accounted for. The invoice Mr R has presented is dated several months before the insurance policy started, despite Mr R saying in his earlier testimony that he purchased it just prior to taking out the policy. The invoice is also for a substantially lower sum than he says he paid, and Mr R is unable to show how and when he subsequently purchased the vehicle. First Central says there are also remaining questions around the number of keys present on the vehicle.

First Central has said that they will need to make further enquiries with the auction house in order to establish additional information to validate the claim; and this may include Mr R needing to be interviewed again to confirm his new version of events as to how the vehicle was purchased.

Overall, I think First Central have assessed the available information and have reached a fair conclusion to decline the claim."

I concluded that I was likely not going to uphold the complaint as I thought First Central had acted fairly in declining cover based on the available evidence. I invited both parties to provide a response to my provisional decision.

Mr R replied and said he didn't agree with my findings; he said he expected this Service to help him with his claim and not to support the insurers position. He also explained the impact the theft had had on him and his family and said if First Central were refusing to pay the claim that must mean he wasn't insured to drive the car at all which is illegal. Mr R said First Central were breaking the law by declining to cover the theft claim.

Mr R also provided additional context around how he purchased the car. He said he purchased the car from an auction and then sold it to a person who fixes cars and sells them for a profit and bought it back shortly after. He also explained that First Central had asked him where the purchase money came from for the car but that he maintained he didn't see why they needed to know this.

First Central didn't respond or provide any further comments to my provisional 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 again, I remain of the view that what I decided in my provisional decision remains fair. I appreciate this will be disappointing for Mr R, so I'll explain why.

In response to my provisional findings, Mr R has made a number of detailed points about the impact having the claim declined has had on him and his family. I've considered all of those submissions carefully. But in this decision, my role is to decide if First Central declined Mr R's claim in a fair and reasonable way.

I appreciate Mr R feels I should be helping him with his claim and not supporting First Central. But my role is to look at all the evidence and reach an outcome that's fair and impartial to both parties – it isn't to act as a consumer champion or to take sides.

I should first explain that declining a theft claim doesn't mean the policy itself didn't allow Mr R to drive the vehicle in the first place. First Central have maintained their decline of cover as they say they can't be satisfied Mr R has an insurable interest in the car.

Mr R explained his insurance policy didn't tell him he needed to prove his ownership of the car when he took it out. And Mr R also says that he doesn't know why First Central needs to know where the purchase money came from to buy the car. It may help for me to explain that under money laundering regulations, First Central needs to be able to satisfy themselves that Mr R had a financial interest in the vehicle before they pay him for its loss. I find this to be a fair approach and one any other insurer in the market would be likely to take.

Mr R says that the available evidence as it stands is the proof of purchase documents he's submitted, the vehicle's V5 logbook, and a crime reference number from the Police when he reported the vehicle stolen. I've considered all of this evidence Mr R provided but I remain of the view that Mr R hasn't been able to satisfy First Central of his financial interest in the vehicle, or where the funds to purchase the vehicle came from. I think this is important information that First Central is entitled to ask for. So, having taken everything into account, I don't think First Central acted unfairly by declining cover.

I understand this isn't the outcome Mr R was hoping for. But any decision I make has to be fair and impartial to both parties. If First Central require more information and Mr R is able to provide this, then I would consider it good industry practice to for them assess the claim on the new evidence. But as this hasn't been undertaken yet, I make no formal direction on this point.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 3 April 2025.

Stephen Howard
Ombudsman