

The complaint

Mr G complains that Liverpool Victoria Insurance Company Limited (LV) declined a claim he made on his motor insurance policy following the theft of his vehicle.

What happened

Mr G held a motor insurance policy with First Central. He contacted them in April 2024 to report that his vehicle had been stolen and to claim under his policy for its loss.

LV investigated the claim; but they ultimately declined cover. They said as part of their validation of the claim they'd asked Mr G to send in his vehicle's keys. Mr G had told them one of the keys had been lost in September 2023, so he sent the remaining key in. But when LV had that key tested, they said it showed no data recorded for a significant period – and they concluded this meant the key was not the primary key used in the vehicle between the alleged date of the second key being lost and the date of the theft in August 2024.

Mr G thought this was unfair and complained – he said he had invested a significant amount of money in repairing and maintaining the vehicle and the theft had caused a serious burden to his daily life. Mr G said he was unsure why the key not recording information meant that LV had concluded he was aware of the second key's whereabouts – but said in any event, they'd acted unfairly by not undertaking a proactive investigation to recover his car. LV considered the complaint but didn't change their outcome. They said discrepancies in the usage data on the key provided meant they could not validate the claim. Mr G remained unhappy with LV's response to his complaint, so he brought it to this Service.

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

"In his complaint, Mr G has made a number of detailed points about the impact having the claim declined has had on him. I've considered all of those submissions carefully. But I need to make it clear that my role is to decide whether LV dealt with Mr G's claim in a fair and reasonable way and can justify their decision to decline cover based on the available evidence.

The relevant rules and industry guidance say that LV have a responsibility to handle claims promptly and fairly, and they shouldn't reject a claim unreasonably. And LV has said that they have been unable to validate the claim based on the information they obtained from scanning Mr G's car key. So, I've reviewed the key scan report to see if LV has considered it fairly, and whether it supports their stance.

The main part of the report states that the key was last updated on in August 2024 and showed a mileage recorded of circa 122,000 miles. LV compared this against Mr G's last MOT from July 2024, which showed a roughly similar figure. However, the key showed it hadn't last been updated since the mileage was recorded around 74,000 miles, which LV compared against Mr G's MOT history and concluded that the car last showed that range of mileage in 2022.

The report also noted that the standard security on the vehicle was good; and featured remote central locking with deadlocks, an electronic steering lock, alarm with ultrasonic, microwave and inclination sensors, and electronic engine immobiliser with rolling code transponder. The report stated that in order for a relay theft to have occurred, access to the interior would first have to be gained; possibly via lockpick, smashing a window, or using a remote jammer to block the lock signal. The reported concluded that the missing key was a concern, as the check control messages recorded on the key suggested that the key supplied hadn't been used frequently in some time.

LV therefore declined cover as they said it was likely that the key Mr G sent in for testing had not been used as the primary key between 2022 and the last use in August 2024. And this meant they thought the other key, which Mr G said had been lost in September 2023, had been used instead. As Mr G had said the key was lost between these dates, LV had concerns over whether the other missing key had in fact been used to take the car.

When Mr G reported the claim to LV, he said he had been staying in Birmingham for work at a new address and had last used the car at between 5pm and 6pm the previous night. The call handler asked if he remembered locking the car and seeing the lights flash and Mr G replied that the car was definitely locked. When comparing this statement against the key report, I note the report said one of three possible access methods could have been for a remote jammer to block the lock signal. Based on this evidence, I don't think the car was blocked from being locked.

Mr G also didn't report any broken glass at the location where his car was parked, so I can't reasonably conclude access was made via smashing a window either. And I think this is also unlikely given the car had an alarm and Mr G didn't report anyone hearing his car's alarm being sounded. Additionally, Mr G said he had parked the car outside his new address, so on balance I think he would have likely heard a smashed window, or a car alarm being sounded.

I therefore think that LV concluding, on balance, that the car would likely have needed a key to have been taken is a reasonable conclusion to reach. I do appreciate Mr G said the other key had been lost in September 2023, but the available evidence doesn't support this, given the key he said he'd been using regularly hadn't been recording any control messages for a significant period of time.

Additionally, I can see Mr G asked LV to send him his key back so he could have it tested by a main dealer to check whether there was any error in the data. Mr G sent me a copy of the report and I've considered it as part of my review of the complaint. I note the report is consistent with the data LV also obtained and Mr G's main dealer report also shows the key was last used in August 2024. It also shows the same control messages recorded with the same mileage that LV's report showed.

I've thought about this situation very carefully, and I've considered all of the evidence provided, including Mr G's testimony, LV's report, and the report Mr G obtained from his main dealer. I note LV's report stated it was unlikely the key hadn't recorded any check control messages since August 2022 despite Mr G saying it was the main key he used and his car covering around 48,000 miles in that time.

In situations like this, I'm required need to make my decision on the balance of probabilities, given the evidence which is available and the wider circumstances of the complaint, as well as how much weight to give to any piece of evidence.

Additionally, Under DISP 3.6.1, my remit is to determine a complaint by reference to what is, in my opinion, fair and reasonable in all the circumstances of the case.

Having done so, I'm persuaded by the evidence LV has provided which I'm satisfied supports their decision not to cover the theft claim. It follows that I find LV's decision to rely on this evidence is reasonable – and doing so produces a fair outcome in this particular case."

I concluded that I wasn't intending to uphold this complaint as I didn't think LV had unfairly declined cover. I invited both parties to respond to my provisional findings. LV didn't provide a response or any further information for me to consider.

Mr G did provide a reply and said he disagreed with my findings. He said he believed the person whose house he was staying in at the time of the theft had an auto car key care business and may have had some involvement in the theft. He said he believed this to be the case given the car key was the problem in the claim and he believed the person had the ability to commit this type of crime. He asked me to reconsider the 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, I'm not persuaded to change the outcome I reached in my provisional findings. I appreciate my decision will come as a disappointment to Mr G and I fully appreciate his frustrations over having a declined claim. But the fact remains that he told LV his second car key had been lost in September the previous year – but this can't be correct given the key he did supply hadn't been used for a considerable amount of time.

And given his own key scan report is consistent with the data LV's report produced – I'm satisfied that, on balance, this is correct. And it follows I'm satisfied this evidence supports their decision not to cover the theft claim. I ultimately find LV's decision to rely on this evidence is reasonable – and doing so produces a fair outcome in this particular case.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint, as I don't find LV acted unfairly in declining the claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 9 April 2025.

Stephen Howard

Ombudsman