

The complaint

Mrs P complains about the way Bastion Insurance Company Limited (Bastion) handled the claim she made under the key cover element of her motor insurance policy.

The claim has been handled by a claim management company on behalf of Bastion. But for ease, I will refer to all actions and comments as those of Bastion.

What happened

Mrs P had motor insurance with a third-party insurer. As part of her policy, she had 'key cover' provided through Bastion as the insurer. This gave her cover for "*lost, stolen or damaged*" keys.

In May 2024, Mrs P made a claim under this section of her policy. She said she had lost her only key to her car.

Bastion agreed to the claim and referred it to a locksmith, acting as their agent. They say it was identified that same day, that it needed to be referred directly to the dealership. As the locksmith didn't have the capability to code a replacement key.

However, the dealership gave an estimated timescale of up to five months for the replacement, which they say Mrs P agreed to. And when the delivery date in September 2024 came and passed, Bastion say they were eventually told by the dealership they would not be providing a replacement (due to a policy changing regarding security and providing keys to third parties).

Mrs P was told to contact the dealership directly and Bastion agreed to honour the claim and pay them directly. However, Mrs P says this wasn't possible as she was given a wait time of up to two years. Bastion say they also offered to honour the cost of a private locksmith if Mrs P sourced one, but Mrs P says this also wasn't possible.

Without a key, unable to MOT or insure the car, Mrs P says she was left with no option but to scrap the car in early 2025. She complained to Bastion that she had lost use of her car as they couldn't honour their cover. They replied to say they had exhausted all options.

Our Investigator looked into it and she upheld the complaint, saying Mrs P had lost the use of her car and Bastion should pay the market value at the time and some compensation. Whilst Mrs P accepted the outcome, Bastion didn't agree and maintained they'd done nothing wrong. As no agreement was reached, the case has 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.

Having done so, I agree with the Investigator that this complaint is one that should be upheld. Let me explain why.

Included in Mrs P's motor policy is "*Key Assist*". It explains that Bastion, in the event of Mrs P losing her keys, will cover her for up to £1,500 in respect of "*locksmith charges, new locks and replacement keys*". Amongst other things.

Bastion haven't been able to honour this cover and indemnify Mrs P as the policy set out. I appreciate they have tried. Neither their national locksmith, the dealership or Mrs P's private enquiries came to a resolution and Mrs P was left with little option but to scrap the car.

However, Mrs P has suffered a loss from Bastion being unable to honour the policy. I believe that it is Bastion who should cover that loss and not Mrs P. Mrs P's loss is her car. I believe Bastion should pay her what it was worth (less the amount she received for scrapping it).

I also agree with the investigator that although Bastion did make considerable efforts to resolve the matter, they could have gone further on occasions and there was some delay. This includes not contacting the dealership sooner between May and September 2024 to check the progress of the key order (not doing so until past the delivery date). I also feel they could have done more to help Mrs P identify and source alternative locksmiths. Further, they have subsequently confirmed that it wouldn't be possible to source a key and that the part is obsolete. Something I believe they could have confirmed sooner. For which I agree Mrs P should be compensated and £150 fairly recognises the impact.

Putting things right

To put things right, Bastion Insurance Company Limited should:

- Pay Mrs P the market value of her car at the time of her claim (or the policy limit of £1,500 if that is less).
- Less the amount Mrs P received as scrappage for the car (she has evidenced this as (£100)).
- As well as £150 compensation for the distress and inconvenience caused.

My final decision

My final decision is I uphold this complaint against Bastion Insurance Company Limited and require them to put things right as I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 22 July 2025.

Yoni Smith
Ombudsman