

The complaint

Mr I complains that Watford Insurance Company Europe Limited (Watford”) mishandled his claim on a motor insurance policy.

What happened

The subject matter of the insurance, the claim and the complaint is a saloon car, made by a premium-brand car-maker and first registered in 2008.

Mr I acquired the car.

Mr I had the car insured on a policy with Watford for the year from 18 January 2023. According to the policy schedule, the value of the car was £2,700.00. Cover wasn’t comprehensive, it was third party, fire and theft (“TPFT”). Any claim for fire or theft was subject to an excess of £375.00.

The policy covered Mr I to drive the car as policyholder. At first, the policy also covered a family member to drive the car as a named driver, but Mr I discontinued that from late January 2023, after which the policy didn’t cover anyone other than Mr I to drive the car.

In the early hours of 11 June 2023 (a Sunday), a friend of Mr I was driving the car when it hit a bus, another vehicle and a lamppost.

On 12 and/or 13 June 2023, Mr I reported the accident to Watford, He said that the car had been parked with his keys in the glove box and that he had been asleep in the front passenger seat when, without his permission, his friend took his keys and started the drive that ended in the accident.

Much of the complaint is about acts, omissions or communications by the policy administrator or a broker on behalf of Watford. Insofar as I hold it responsible for them, I may refer to them as acts, omissions or communications of Watford.

By a letter dated 14 June 2023, Watford declined Mr I’s claim, because an uninsured person had been driving the car. Watford also said that it would pursue Mr I for recovery of any payments it was obliged to pay (to third parties). By another letter dated 14 June 2023, Watford gave Mr I seven days’ notice that it would cancel his policy with effect from 21 June 2023.

On about 26 July 2023, Mr I made a claim to Watford for the damage to his car. On about the same date, he reported to police that his friend had taken the car without his consent.

In July 2024, (after some delay) Watford received a police report. That included the following:

“Although the aggrieved supports police action regarding AGG TDA [aggravated taking and driving away], the fact he has left it this long to show interest, all possible

evidential avenues are no longer available, and therefore the offence cannot be proved"

By a letter dated 13 August 2024, Watford concluded as follows:

*"Due to the vehicle being driving by an uninsured driver and the delay in reporting the theft to the police which resulted in them being unable to pursue this matter we will be unable to deal with you claim.
You will be billed for any costs incurred for this claim."*

In late August 2024, Mr I complained, through us, to Watford that it was responsible for delay and poor communication and that it should stop pursuing its claim against him and it should accept his claim.

By a final response dated 31 October 2024, Watford turned down the complaint about delay and communication.

By a letter dated 20 November 2024, Watford said it had settled a third party claim and it asked Mr I to reimburse it an amount over £10,000.00.

By a final response dated 28 November 2024, Watford turned down the complaint that it should cover Mr I's claim.

Mr I asked us to investigate.

our investigator's opinion

Our investigator recommended that the complaint should be upheld in part. He didn't think that Watford had acted fairly by declining Mr I's claim. He thought that the police report and Mr I's consistent testimony showed the offence of aggravated taking and driving away. He thought that Watford should've considered the claim under the theft peril sooner, which caused Mr I inconvenience and distress.

The investigator recommended that Watford should:

1. reconsider the claim under the theft peril of the policy; and
2. compensate Mr I £100.00 for inconvenience and distress.

Watford disagreed with the investigator's opinion. It asked for an ombudsman to review the complaint.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr I and to Watford on 19 June 2025. I summarise my findings:

I wasn't minded that Watford's cancellation treated Mr I unfairly.

I wasn't minded that it was unfair or unreasonable for Watford to decline his claim.

I wasn't minded that Watford treated Mr I unfairly by asking him to reimburse its payment of the third party claim.

Subject to any further information either from Mr I or from Watford, my provisional decision was not to uphold this complaint. I didn't intend to direct Watford Insurance Company Europe Limited to do any more in response to this complaint.

Watford hasn't responded to the provisional decision.

Mr I disagreed with the provisional decision. He submitted further information, summarised below under the heading "Mr I's response to the 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.

The Accident

The accident and the need to make a claim were, in my view, bound to cause Mr I distress and inconvenience.

I have no reason to doubt Mr I's statement that his mental health suffered as a result of the accident, the unsuccessful claim and the financial consequences.

Cancellation

Watford's policy summary included the following:

"Our Cancellation Rights

During the Period of Insurance

We have the right to cancel Your Policy at any time by giving You seven days' notice in writing where there is an exceptional or valid reason for doing so. We will send Our cancellation letter to the latest postal or email address We have for You and will set out the reason for cancellation in Our letter.

Alternatively, We have the right to cancel Your Policy immediately, at any time during the Period of Insurance, where there is evidence of fraud or a valid reason for doing so. We will still send Our cancellation letter to the latest postal or email address We have for You and will set out the reason for cancellation in Our letter."

I'm satisfied that, taken together, Watford's letters dated 14 June 2023 gave Mr I enough notice that it was cancelling his policy because an uninsured person had been driving the car. I'm satisfied that was a valid reason.

I would've expected Watford to send Mr I another letter confirming that cancellation had taken place on 21 June 2023. However, I'm satisfied that Mr I knew of the cancellation.

So I don't find that Watford's cancellation treated Mr I unfairly. And I don't find it fair and reasonable to direct Watford to change the way it has recorded the cancellation, or to pay him any compensation for it.

Mr I's claim

Insurers must not unfairly decline claims and should deal with claims promptly and fairly.

Mr I's claim was for indemnity against any claims from third parties. He said from at least 13 June 2023 that his friend had taken the car without his consent. Later Mr I also claimed for damage to his car.

As the policy didn't cover his friend and the policy only covered TPFT, Mr I's claim rested on theft.

I'm satisfied that Watford reached its decision promptly on about 14 June 2023.

Watford didn't express its reasoning clearly. It wasn't enough to say that the friend wasn't insured to drive the car. The key question should've been whether the friend had committed theft.

I would add that I wouldn't find it fair for Watford to draw a distinction between theft (including a permanent intention to deprive the owner) and taking a vehicle without the owner's consent ("joy-riding").

Nevertheless, I consider that it was clear enough by 14 June 2023 that Watford didn't accept Mr I's claim that his friend had taken the car without his consent.

There were subsequent delays around the police report, but I don't consider that this prejudiced Mr I's position. Moreover, I don't consider that Watford was responsible for any unreasonable delay.

Watford's letter dated 13 August 2024 included the reason that Mr I had been responsible for delay in reporting the theft to the police which resulted in them being unable to pursue this matter. Further Watford repeated that reason in its final response dated 28 November 2024.

So I've thought about whether it was fair and reasonable for Watford to decline Mr I's claim for the reasons it gave. I keep in mind the following points:

- Mr I ought to have been the person in charge of the car.
- He must've been awake when he got in the passenger seat and his friend got in the driver's seat.
- I find it unusual for a driver to put his key in the glove box, rather than in a pocket.
- I find it surprising that Mr I is saying that he didn't wake up when his friend opened the glove box in front of him, or when he started the engine or when he drove the car.
- Mr I didn't report his friend to the police until about six weeks after the accident.

Taken together, I consider that these points are inconsistent with Mr I's claim that his friend took the car without his consent. So I conclude that it wasn't unfair or unreasonable for Watford to decline his claim.

I don't find it fair and reasonable to direct Watford to reconsider the claim or to pay compensation for distress and inconvenience.

Watford's claim against Mr I

Under the Road Traffic Acts, an insurer may have to meet a third party's claim notwithstanding that the insurer is not obliged to indemnify its policyholder. In such circumstances, I don't consider it unfair for the insurer to ask the policyholder to reimburse it.

Watford's letter dated 20 November 2024 gave some details of the third party claim. I don't find it likely that Watford would've paid the claim unless it felt that it had an obligation to do so. So I don't consider that Watford treated Mr I unfairly by asking him to reimburse it.

Mr I's response to the provisional decision

Mr I says he has conditions of sleep apnoea and dyslexia.

I accept that statement, and I don't need Mr I to try to get medical evidence of those conditions.

Mr I says sleep apnoea can cause deep sleep or feeling tired and not being able to wake up even though there is lots of noise.

I accept that statement too.

Mr I says he got in the (front) passenger seat because it was more comfortable and he could put his feet up on the dash and not have a steering wheel in the way.

However, I've found that he also allowed his friend to get into the driver's seat.

Mr I says he put the car key in the glove box as it felt uncomfortable in his pocket as his shorts were quite tight and he could feel the key pressing on his thigh.

However, I still find it unusual for a driver to put his key in the glove box.

Mr I says he woke up with the seatbelt on him. He says he did not know how the seatbelt got on him, but, using logic, you can see that his friend had clearly put the seat belt on him before driving off.

However, that adds to my surprise that Mr I is saying that he didn't wake up, even with his sleep apnoea.

Mr I says that after the accident, he lost his job, the broker sent him a threatening letter and he was severely depressed. He says he just couldn't leave his house and felt suicidal and not in control of his life. He was closed off from the world. He says that once he started to heal, he reported the incident to the police as soon as he could.

However, Mr I eventually used an online form to report his friend to police. I find it likely that he could've done so sooner than he did. His delay hampered any investigation.

Overall, I consider that there were multiple points that were inconsistent with Mr I's claim that his friend took the car without his consent. So I conclude that it wasn't unfair or unreasonable for Watford to decline Mr I's claim.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct Watford Insurance Company Europe Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 1 August 2025.

Christopher Gilbert

Ombudsman