DRN-5728914

## The complaint

Mr S complains that U K Insurance Limited trading as Churchill ("UKI") mishandled his claim on a motor insurance policy.

## What happened

The subject matter of the insurance, the claim and the complaint is a sports car, made by a premium-brand car-maker and first registered in 2007.

By early July 2020, Mr S had acquired the car.

For the year from early June 2022, Mr S had the car insured on a policy with UKI.

Mr S reported to UKI that, while at a garage in mid-July 2022, someone had stolen the car.

UKI investigated, declined to pay the claim and cancelled the policy.

Mr S complained to UKI that it should pay his claim. He brought his complaint to us. Our investigator recommended in mid-December 2023 that UKI should reconsider the claim.

By late December 2023, Mr S had complained to UKI that it had unfairly cancelled his policy. He brought his complaint to us. Our investigator recommended in late May 2024 that the complaint should be upheld in part. The investigator thought that it was unfair to have applied the cancellation. The investigator recommended that the cancellation marker was removed.

By a letter dated 8 July 2024, UKI declined to pay Mr S's claim, saying that the incident hadn't occurred as alleged if at all. Mr S complained to UKI that it should pay his claim.

By a final response dated 13 August 2024, UKI turned down the complaint about cancellation and said that it had correctly declined the claim.

Mr S brought his complaint to us in mid- September 2024.

Our investigator recommended in late May 2025 and again in late June 2025 that the complaint should be upheld. She didn't think it was fair for UKI to decline Mr S's claim and cancel his policy. She thought that the claim being declined had caused Mr S significant distress.

She recommended that UKI should:

1. settle Mr S's theft claim under the terms of the policy; and
2. pay Mr S 8% interest on the settlement amount; and
3. remove the cancellation marker and any fraud markers from his record; and
4. pay Mr S a compensation amount of £750.00 for distress.

UKI disagreed with the investigator’s opinion. It asked for an ombudsman to review the complaint. It says, in summary, that:

- If Mr S had accurately declared the vehicle location when he took out the policy, it would’ve declined to provide insurance.
- There are too many inconsistencies.
- There was a lack of sufficient response from Mr S.
- Mr S gave a name that wasn’t his full name and denied that he was known by any other name.

**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.

According to its MOT history, the car passed a test in May 2021 with a recorded mileage of about 103,000.

According to the policy schedule in early June 2022, Mr S lived in a metropolitan flat and had other vehicles.

UKI’s policy terms included the following:

> “*Providing accurate information*
> *You must ensure that all information given to us is correct and complete to the best of your knowledge at all times. This includes information about all drivers under the policy. If you don't provide correct and complete information or inform us of any changes, this could invalidate your policy or mean we don't pay claims in full or at all*.”

I accept that UKI had concerns arising from the following points:

- Mr S and the garage owner had given conflicting evidence of how long the car had been at the garage before July 2022.
- Mr S had failed to give his full name, so as to avoid discovery of a previous conviction for fraud.
- Mr S and the garage owner had given conflicting evidence of when the garage owner told Mr S of the theft.
- Mr S had said the road tax had lapsed, whereas he had done a SORN.
- Mr S had provided evidence that another garage had supplied parts in November 2020 which he said had not been fitted by July 2022.
- Mr S had belatedly provided only two emails between police and the garage owner.
- Mr S and the garage owner had given conflicting evidence of whether the theft was on 12 or 13 July 2022.
- The garage owner had given incorrect information about his insurance.

I would add a concern about the following point:

- The car’s MOT certificate had expired on about 9 May 2022.

I agree that the garage owner's evidence about his insurance was so unsatisfactory that it undermines all his evidence. However, I don't hold Mr S responsible for the evidence of the garage owner.

A previous conviction – which UKI said was for fraud in 2007 – is not evidence of dishonesty in 2022.

In the context of a theft reported while the car was at the garage, I'm not persuaded that UKI has shown enough evidence that there was a lack of sufficient response from Mr S.

And – even when considered in combination – I don't conclude that UKI's concerns were enough to make it fair to decline the claim.

More recently, UKI has said that if Mr S had accurately declared the vehicle location when he took out the policy, it would've declined to provide insurance. However, UKI hasn't provided enough evidence to show that the car was at the garage in early June 2022. Also UKI hasn't provided enough underwriting evidence to show that it wouldn't have insured a car while it was at the garage.

So I conclude that UKI treated Mr S unfairly by declining his claim and cancelling his policy.

The impact on Mr S included that he hasn't received any payment for the car. The impact also included that Mr S has been under the shadow of allegations of insurance fraud for about three years.

**Putting things right**

I've thought about what to direct UKI to do to try to put things right at this late stage.

I find it fair and reasonable to direct UKI to settle Mr S's theft claim in line with the terms of the policy.

I take the view that UKI should've settled the claim within one month after the date of the claim. As Mr S has been out of pocket since that time, I find it fair and reasonable to direct UKI to add interest on any payment in settlement of the claim at our usual rate and for the period from 15 August 2022.

I find it fair and reasonable to direct UKI to remove any adverse information about the claim and the cancellation from any external database to which it has provided such information.

I've weighed up the impact on Mr S and I find it fair and reasonable to direct UKI to pay Mr S £750.00 for distress and inconvenience.

**My final decision**

For the reasons I've explained my final decision is that I uphold this complaint in part. I direct U K Insurance Limited to:

1. settle Mr S's theft claim in line with the terms of the policy; and
2. pay simple interest on any payment in settlement of the claim at a yearly rate of 8% from 15 August 2022 to the date of settlement. If UKI considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr S how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate; and

3. remove any adverse information about the claim and the cancellation from any external database to which it has provided such information; and
4. pay Mr S £750.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 September 2025.
Christopher Gilbert
**Ombudsman**