

The complaint

Mr S complains about how U K Insurance Limited trading as Churchill (Churchill) dealt with a claim for the theft of his vehicle. Churchill made a total loss settlement for the vehicle to the finance through which Mr S was leasing the vehicle. Mr S thought Churchill should have provided him with a like-for-like replacement vehicle, but they declined to do this as they would only do so where a vehicle was less than two years old.

References to Churchill in this decision include their agents.

This decision covers Mr S's complaint to this Service in June 2025 about Churchill as the insurer of his motor insurance policy under which he claimed for the theft of his vehicle. It doesn't cover the actions of the finance company through which he was leasing his vehicle. Reference is made to the finance company in this decision to provide context for what happened in this case.

What happened

In April 2025 Mr S's vehicle was stolen and not recovered. He reported the theft to both Churchill and the police. Churchill valued the vehicle as a total loss and calculated a total loss settlement. This was based on a pre-accident vehicle valuation of £10,831 less the policy excess of £400, making a net settlement of £10,431. As Mr S was leasing the vehicle from a finance company, under the terms of his policy with Churchill, the total loss settlement was split, with £9,489.69 paid to the finance company as the legal owner of the vehicle (being the outstanding finance balance on the vehicle) and £941.31 to Mr S (being the balance of the net settlement figure).

Mr S was unhappy at Churchill making the total loss settlement to the finance company as he had wanted to own the vehicle at the end of the lease and it left him without a vehicle. He complained to the finance company, who told him Churchill should have provided him with a like-for-like replacement vehicle. But when he contacted Churchill, they said the policy terms meant he would only be provided with a replacement vehicle if his vehicle was less than two years old (as he had comprehensive plus cover). Whereas his vehicle was more than two years old (it was first registered in 2018).

Mr S disputed this, saying he had been mis-sold the policy as he couldn't utilise it (to provide a replacement vehicle). So, he complained to Churchill.

Churchill didn't uphold the complaint. In their final response, issued in June 2025, they referred to the policy terms that provided for the payment of any claims where a vehicle was leased, to be made to the lease company as they were the legal owners of the vehicle. Churchill also said Mr S didn't qualify for the new car replacement scheme, referring to the policy terms providing a policyholder was the first and only registered keeper and the vehicle was less than one year old when stolen or damaged (comprehensive cover) or less than two years old (comprehensive plus cover). As Mr S's vehicle was registered in 2018, it was too old to be eligible for the new car replacement scheme.

Mr S then complained to this Service. He said he should have been provided with a like-for-like replacement vehicle by Churchill. As it was, he'd only been provided with a courtesy car for two weeks and had subsequently had to use public transport and taxis, causing him financial and emotional stress. He had no choice but to purchase another vehicle on finance with the limited funds he could secure, given most of the total loss settlement for his vehicle going to the finance company. Had he been provided with the right policy, he would have been provided with a like-for-like replacement vehicle. The policy had been mis-sold to him. He wanted a refund of what he'd paid for the policy or a like-for-like replacement vehicle.

Our investigator didn't uphold the complaint, concluding Churchill didn't need to take any action. He concluded the policy terms meant Mr S wasn't eligible for a like-for-like replacement vehicle. Mr S also benefited from the policy as Churchill had made a total loss settlement for the vehicle, and the policy documents were clear and he'd had the opportunity to read the documents when he took out the policy. And it was the finance company that told him he should have received a like-for-like replacement – not Churchill..

Mr S disagreed with the investigator's revised view and requested that an Ombudsman review the complaint. So, the complaint has been passed to me to consider.

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.

My role here is to decide whether Churchill have acted fairly towards Mr S.

The main issue in Mr S's complaint is that Churchill didn't provide him with a like-for-like replacement for his vehicle when it was stolen. He believes they should and the policy terms weren't clear, so he was mis-sold the policy. Churchill say Mr S's vehicle was more than two years old at the time it was stolen, so didn't qualify for the new car replacement scheme. The policy also provided for the total loss settlement to be paid to the finance company though which Mr S was leasing the vehicle, as they were the legal owner (the balance of the settlement being paid to Mr S).

In their final response, Churchill referred to the policy terms where a vehicle was deemed a total loss and being leased, for the total loss payment to be made to the lease company. The term states:

"If you're leasing your car on buying on hire purchase if your car can't be repaired and you're leasing it, we'll pay any claims to the lease company, because they are the legal owners of the car."

I think this policy term is clear and is standard in motor insurance policies more generally, not just the policy with Churchill. In this case, I can see the confirmation from the finance company of the outstanding finance at the time of the vehicle theft, which is the sum Churchill paid them as part of the total loss settlement. I can also see Churchill then paid the balance of the total loss settlement to Mrs S, in accordance with the policy terms.

So, I've concluded Churchill acted fairly and reasonable in making a total loss settlement, part to the finance company and part (the remaining balance) to Mr S.

Churchill's final response also referred to the new car replacement scheme terms in the policy, as follows:

"When you'll get this cover

We'll provide this cover so long as:

- *You're the first and only registered keeper.*
- *If you have Comprehensive cover, your car is less than 1 year old when it's stolen or damaged.*
- *If you have Comprehensive Plus cover, your car is less than 2 years old when it's stolen or damaged."*

Again, I think the wording is clear, that a vehicle must be less than one or two years old, depending on the level of cover taken out under the policy.

Looking at the details of the policy cover, Mr S's vehicle was recorded as being a 2018 vehicle (68 registration plate) so it was well over the two year limit for the new car replacement cover. I've also noted the insurance documents record the year of purchase of the vehicle being 2022, suggesting Mr S wasn't the first and only registered keeper (which would be an exclusion regardless of the vehicle's age).

The above terms and conditions are clearly set out in the policy documents (and Insurance Product Information Document) so Mr S should reasonably have been aware of them when he took out the policy. And it appears from what Mr S told us when bringing his complaint that it was the finance company who suggested he should receive a like-for-like replacement vehicle. So, if there was confusion on the part of Mr S, it was the finance company that created it, not Churchill.

Taking all these points into account, I don't think Churchill acted unfairly or unreasonably in the circumstances of this case, so I won't be asking them to do anything further.

My final decision

For the reasons set out above, it's my final decision not to uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 29 December 2025.

Paul King
Ombudsman