

The complaint

Miss C complains that Watford Insurance Company Europe Limited declined her claim on her motor insurance policy following the theft of her car. She wants it to indemnify her claim and reimburse her costs.

What happened

Miss C's partner took her car without her consent and damaged it. Miss C called Watford to make a claim, but she said she was driving the car at the time. Three weeks later, Miss C called Watford again and told it her partner had crashed her car, and she was reporting this to the police. Four months later, Watford told Miss C that she would have to make a report to the police that the car had been taken without consent (TWOC) and she must be willing to support a prosecution.

The police later closed the case. Watford said it declined Miss C's claim as her car had been driven by someone not on the insurance certificate. Watford later said that it had declined the claim because it said Miss C hadn't been supportive of the police in the prosecution of her ex-partner for TWOC. Miss C thought this was unfair and that Watford hadn't taken into account her particular circumstances at the time.

Our Investigator recommended that the complaint should be upheld. He thought the policy didn't cover the ex-partner for driving the car. And he thought Miss C had reported the TWOC to the police as soon as Watford had requested this. He thought Miss C's preference was not to prosecute her ex-partner. But he thought she had actively assisted the police in their enquiries. So he thought it was unfair for Watford to decline the claim because it thought Miss C hadn't assisted with a prosecution.

He also thought Watford hadn't recognised or taken into account Miss C's particular vulnerability. And he thought this had added to Miss C's distress. He thought Watford had unfairly declined the claim and so it should reimburse Miss C for the cost of her repairs, with interest, and pay her £150 compensation for her trouble and upset.

Watford replied that Miss C had initially incorrectly said she was driving the car at the time of the incident. It said she hadn't reported the TWOC and coercive relationship until after her claim had been declined. This was five months after the incident, and it thought this had likely hindered the police investigation.

Watford thought the police report was clear that Miss C had been unsupportive with the prosecution, and so it was entitled by the policy's terms and conditions to decline the claim. Watford asked for an Ombudsman's review, so the complaint has come to me for a final 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.

Miss C has explained that the declined claim left her to pay for the car repairs at a significant cost. She's also explained the impact this matter has had on her mental health. And I was

sorry to hear this. Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably.

I think it's agreed that Miss C's ex-partner wasn't covered by the policy's terms and conditions to drive her car. On page 23 of the policy booklet, it says:

"Section 11 – General Exclusions Applying to the Whole Policy

The Policy does not cover the following:

1. Any injury, loss or damage occurring while Your Car is being:

a) driven by or is in the charge of any person not shown on Your Certificate of Motor Insurance"

The ex-partner wasn't named on the Certificate, and so he wasn't covered to drive the car. But Watford relied on another policy term to decline the claim because Miss C had said the ex-partner had taken the car's keys without her consent. On page 10 of the policy wording, it says:

"Section 1 – Damage to your car

What is not covered

We will not pay for any of the following:

• Loss or damage to Your car arising from it being taken by, or driven by, a person who was not an insured driver under the Policy, but was a member of Your family or household or any other person known to You, unless You can prove that the person intended to permanently deprive you of Your Car and You have actively assisted in the prosecution of the person(s)."

We find that motor policies invariably exclude loss or damage caused by theft or attempted theft if the act is by a member of the policyholder's family or household. This is a common exclusion that, in its standard form, is not significant and so it doesn't need to be specifically highlighted at point of sale.

And most policies, including Watford's, contain an exception to the exclusion if the policyholder co-operates with the police in investigating or prosecuting the relation or member of the household.

Insurers occasionally argue that they are not liable to pay the claim because the family member did not actually steal the car but merely took it without consent. And Watford's policy requires the consumer to prove that the relation intended to permanently deprive her of the car.

But our approach is that we do not accept that taking without consent (TWOC) is not "theft". It is an offence under the Theft Act 1968. Accordingly, if a relation is only charged and/or convicted of the TWOC offence, it should still be regarded as the insured event of theft (or attempted theft). We think that if there is the usual exception, as here, the insurer should deal with the claim provided the policyholder co-operates with the police.

However, if the policyholder is willing to co-operate, but the police decide not to take action, we'd normally expect the insurer to pay the claim. So I've thought about how this applies to Watford's decision to decline Miss C's claim.

Miss C said her ex-partner took her car's keys and then crashed her car. She then reported her partner to the police. He was uninsured and without a licence. But when Miss C made a claim to Watford, she said she had been driving the car at the time. Miss C said she did this because she panicked. She said she had been trying to remove her ex-partner from her home but without success and she was fearful. But I can't see that Watford declined the claim because Miss C provided false information initially.

Miss C then told Watford that her partner had been driving the car at the time. Watford said that in this call it had told Miss C about TWOC. But I don't agree. I've listened to this call,

and I don't agree that it was made clear to Miss C that she needed to make sure the issue was raised with the police as TWOC and there was no mention that she must assist in the prosecution.

Miss C had raised with the police that her ex-partner had driven the car and therefore the police were pursuing him for related charges. And so I think Miss C was reasonably under the impression the police were dealing with the incident appropriately as they were aware of the circumstances. I think Miss C was reasonably unaware that she would herself have to report the TWOC to the police for a further charge to be raised.

Four months later, in another call to Watford, I'm satisfied it did tell her the matter had to be raised with the police as TWOC and that she must be willing to support a prosecution. And I can see that Miss C reported the incident as TWOC to the police the same day. I think this shows that Miss C was willing to assist the police after being advised by Watford on how to proceed with her claim. And as the police hadn't been able to locate the ex-partner, I can't see that this delay caused any harm to the investigation.

But after Miss C reported the incident as TWOC, Watford said she hadn't been supportive of the police investigation, and it relied on this policy term to decline the claim. So I've thought about whether this was fair and reasonable.

Watford relied on a summary in the police report to decide that Miss C hadn't been supportive of a prosecution. This report says, "*The victim is not supportive and does not want any legal action or imposition*".

But Miss C has provided evidence to show that over several months she assisted the police to try to locate her ex-partner, albeit without success. She has explained that she accepted the police's suggestion of an out-of-court resolution to limit the emotional toll and anxiety she was experiencing. But she said she would otherwise have supported a prosecution. And so I don't think Watford has shown that Miss C wasn't supportive of the police. And I think the evidence is that Miss C did support the police investigation and therefore a prosecution.

The police closed the case as the ex-partner couldn't be located. And, as I've said above, if the policyholder is willing to co-operate, but the police decide not to take action, we'd normally expect the insurer to pay the claim. And so I think it wasn't fair or reasonable for Watford to decline Miss C's claim because the police didn't prosecute her ex-partner.

Miss C paid for own repairs. And I think Watford should now reasonably reimburse her for these costs, on submission of reasonable evidence. And as Miss C has been without her money for some time, then I think Watford should reasonably add interest to this refund.

Our Investigator thought Watford had missed opportunities to provide support to Miss C as a vulnerable person in keeping with our regulator's guidance. Miss C has provided us with evidence to show that she was suffering emotionally because of her relationship and was fearful of her partner. I've considered the phone calls Miss C made to Watford and I agree that she wasn't explicit about her coercive relationship or emotional situation until after her claim had been rejected.

But I also think there were missed opportunities on several occasions when reasonable questioning by Watford's agents could have identified that Miss C's circumstances were making her vulnerable. But Watford didn't enquire about these further, even when Miss C was upset. And I think that the consequence for Miss C was that she wasn't treated with due consideration and her circumstances weren't taken into account in making the claim decision.

Our Investigator recommended that Watford should pay Miss C £150 compensation for the distress caused by Watford's handling of her claim. And I think that's fair and reasonable as it's in keeping with our published guidance for the impact of the error.

Putting things right

I require Watford Insurance Company Europe Limited to do the following:

1. Reimburse Miss C for the cost of the repairs to her car, upon provision of reasonable evidence for this. Interest should be added to this amount at the rate of 8% simple per annum from the date of payment to the date of settlement*.
2. Pay Miss C £150 compensation for the distress and inconvenience caused by the handling of her claim.

*If Watford considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss C how much it's taken off. It should also give Miss C a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Watford Insurance Company Europe Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 15 December 2025.

Phillip Berechree
Ombudsman