

The complaint

Mr O complains that Highway Insurance Company Limited (HICL) unfairly declined a claim on his motor insurance policy.

Mr O's policy is branded in the name of the car's manufacturer. However, the cover is provided by HICL which underwrites the policy. Another firm, an insurance intermediary, administers the policy on HICL's behalf. But, as HICL is responsible for claims decisions and responding to complaints I will only refer to it within this decision even where the policy administrator took those actions.

What happened

Mr O insured his leased car with HICL. In October 2024 he drove his eldest daughter to a school for a swimming lesson. While there his car was stolen. He claimed for the theft from his HICL policy. The car wasn't ever recovered.

While HICL was looking into the claim it asked the car's manufacturer for information from the car's telematics¹ data (the data). The manufacturer's engineers (the engineers) provided that. They said it appeared the left rear door had been left open when the car was last parked before the theft. As such any attempt to lock the car would not have worked, what the engineers described as a 'mislock'. That implied the car was left open and unlocked at the time of the theft.

The engineers said the data showed that around 15 minutes later the car was started and driven away, presumably by the thief. The car was then parked at another location and soon after no more data was gathered, most likely because the thief removed the device which transmitted the data.

In January 2025 HICL declined to pay Mr O's claim for the theft. It said his policy didn't cover theft where the car was unattended while unlocked. And, as a door was left open the car would not have locked.

Mr O complained. Amongst other things he said that he had no reason to open the left rear door at the time of the journey. He also complained about some other aspects of HICL's service including its delays in reaching a decision on the claim.

HICL didn't uphold Mr O's complaint. He brought it to the Financial Ombudsman Service. It was passed to me to decide.

My first provisional decision

On 8 October 2025 I issued a provisional decision in which I set out why I was provisionally minded to uphold the complaint.

In summary of the key points, I said that there were a number of anomalies with the data HICL had relied upon, which called into question its accuracy. I explained that I had previously asked HICL to put my questions about these anomalies to the engineers. I said that if HICL did not provide comprehensive answers to my questions I was likely to uphold

¹Mr O's car was fitted with sensors which gather and transmit real time data on the car's condition including things like, location, journey history and door and window status, including whether or not doors are locked or open.

the complaint. HICL did not provide comprehensive answers to those questions. As a result, in my provisional decision, I wasn't satisfied that the data and engineers' comments were reliable. So I didn't find the data persuasive that one of the car's doors was left open at the time of the theft.

My provisional conclusion was that HICL's decision to decline Mr O's claim was not justified. So I said it needed to settle the claim.

Addressing Mr O's complaints about HICL's delays and communication, I said that claims of this nature can reasonably take some time to deal with. But I thought that much of HICL's delay wasn't justified. For example, while it had the data it relied upon to decline the claim from 22 October 2024, it wasn't until 15 January 2025 that it sought further analysis from the engineers of that data. And it took it some 14 weeks in total to tell Mr O that it was declining his claim. I said I didn't think that delay was reasonable and was likely a source of frustration, inconvenience and distress for Mr O.

In terms of HICL's communication, I explained that I was only looking at events up to the date of HICL's responses to Mr O's complaint in February 2025. But I found that some of HICL's approaches to answering questions was unhelpful. For example, what I perceived to be a reluctance to acknowledge it had changed its position because it hadn't always fully understood the data. I said I could understand why Mr O had accused HICL of providing contradictory information and a lack of transparency.

I also found that HICL's delays had prevented Mr O from presenting evidence that could have shown the car door had not been left open at the start of his journey before the theft, as HICL had suggested. That was because, had it told him of his concerns at an early juncture he could have provided doorbell camera footage which most likely showed he didn't leave the car door open. But, because of the delays that footage had been wiped. So he was no longer able to provide that proof. I didn't think that was fair.

So I said that, subject to any more evidence the parties could produce, I was minded to uphold the complaint. I set out my provisional proposals for remedy and invited Mr O to provide me with a list of his losses. I said that on receipt of responses I would set out my award for redress and invite comments on that.

My second provisional decision

After receiving the parties' comments on my first provisional decision, on 30 October 2025, I issued a second provisional decision. I explained why I wasn't minded to allow HICL to appoint an independent engineer to produce further analysis of the data. I said that HICL had previously been content to rely on the – flawed – evidence it already held. So I saw no persuasive reason to allow it another opportunity to produce further evidence at that late stage.

I further pointed out that appointing an engineer would not address the unfairness that HICL's delays had caused – in that it had denied Mr O the opportunity to produce evidence that the car door had not been left open at the start of the journey.

I also set out my proposals for redress. For ease of reference I've reproduced those below. I said:

“Proposals for redress

Mr O helpfully submitted a list of his losses and out of pocket expenses that he believes he's incurred as a result of HICL's unfair refusal of his claim. I've set out my consideration of those below.

Mr O's claim for the market value of his car at the date of loss

As I've said above, I think it's fair that HICL settles Mr O's claim for the theft of his car. It is fair that it applies a deduction for Mr O's policy excess when doing so. In the first instance it should settle any outstanding balance on the lease/finance agreement. In line with Mr O's

policy's terms and conditions, exactly how it does that will depend on the terms of Mr O's lease agreement.

If Mr O's lease/finance agreement is such that he would take ownership of the car at the end of the agreement then, after settling the outstanding finance, HICL should pay Mr O any balance owing, for the market value of the car at the date of loss. HICL must add simple interest to its payment to Mr O at a rate of 8% a year from one month after the date of claim – to allow it a reasonable time to have processed the claim – to the date it makes payment to him.

If Mr O's lease/finance agreement does not allow him to take ownership of the car then HICL must refund to Mr O any payment he's made to the leasing company since the theft. It should add interest to any such refund at a rate of 8% simple a year from the date he made those payments to the date it reimburses him.

Additionally, if Mr O's lease agreement did not allow him to take ownership of the car but he had to pay an initial downpayment/deposit equivalent to a proportion of the term of the policy, then HICL should refund Mr O, on a proportionate basis, the unused portion of that deposit. So, if, hypothetically speaking, Mr O was 24 months into a 36 month lease agreement, then HICL should reimburse him 12/36 of the amount of the deposit.

Mr O's out of pocket travel expenses that he wouldn't have otherwise incurred

Mr O has shown us evidence of significant payments to a well-known 'ride hailing' taxi service. Mr O's told us that he's paid a total of £423.49 to that service between October 2024 and January 2025. He's provided a screen shot of some of those payments. However, the evidence he's provided only covers the period between 15 October to 8 December 2024, so doesn't cover the period up to January 2025. I think it's likely he has the evidence for the remaining period but has mistakenly omitted to send it to us. But, if he can provide that evidence I think it's fair that given these are expenses he's unlikely to have incurred if he'd had a replacement car, I'm satisfied it's fair that HICL reimburses him for most of those costs.

However, as I've said above, I think it would be reasonable to allow HICL one month in which to have reasonably settled the claim. So I won't require it to cover the costs Mr O incurred between 10 October and 10 November 2024. I'll add that I have not instructed HICL to add interest to any reimbursement of the 'ride hailing' firms fees as, if it had settled Mr O's claim promptly, he would have incurred some costs in any event, for example paying for fuel etc.

Mr O has also said he incurred a charge of £110 for a taxi service on 1 November 2024. But the evidence he's supplied is inconclusive. Mr O's evidenced this by providing a bank statement. But the date of the payment is given as 3 November 2024 and the payee is not clear that it's a taxi service. Instead it is to a specific payment service used by a number of different businesses, which might well have been used by a taxi firm, but I can't be sure. I note that the account Mr O has paid this from is a business account, as such, he should be able to provide a receipt for it. If he can show evidence that this payment was indeed for a taxi and can reasonably explain why he needed to take a taxi for such an expensive journey, then I will consider instructing HICL to reimburse that cost. However, given the lack of evidence currently this is not something I intend to direct HICL to do.

Insurance for a replacement vehicle

Mr O's explained that, as he was without transport, a friend lent him a car. The borrowed car was older and dissimilar to the stolen car. Mr O insured it with himself as the principal driver from 31 January 2025. He's provided evidence of this. In total that policy cost him £1,019.34. Mr O thinks HICL should reimburse this sum.

However, had Mr O replaced his previous car with something similar he would have been required to pay the insurance on the replacement car rather than the borrowed car. I can't

know for certain what car Mr O would have insured had HCL paid his claim or how much that would have cost. But, if the costs to insure a replacement car would have been higher than the actual costs to insure the borrowed car then he is unlikely to be out of pocket.

So in order to estimate if Mr O has paid higher insurance premiums as a result of insuring the borrowed car, I think it's fair for HICL to calculate how much it would have charged Mr O if he'd still had his previous car – or at least a like for like replacement – for the same period his new policy covers. If Mr O has had to pay more than HICL would have charged him for that period, then it should refund the difference to Mr O. However, if it would have cost Mr O more to insure a new car than he paid for insuring the borrowed car then it need not refund any of the premium for his new car.

Ultra Low Emission Zone (ULEZ) Charges

Mr O's previous car was ULEZ compliant. He said if HICL had paid his claim he would have obtained another car that was also ULEZ compliant. In those circumstances he would not have incurred ULEZ charges. But, as HICL didn't pay his claim, he couldn't replace his car with a similarly ULEZ compliant model (which are expensive). The car his friend lent to him was not ULEZ compliant. Mr O's told us that, as a result, on 56 occasions he's been charged the £12.50 ULEZ charge². He said he wouldn't have been charged that had HICL paid his claim.

I have no reason to doubt Mr O's evidence here that, if HICL had settled his claim, he would have obtained a ULEZ compliant car. His previous car was ULEZ compliant and given that he clearly needs to travel in ULEZ controlled areas I accept that he would have used a car that was ULEZ compliant had he been in a position to drive one. And given the circumstances he found himself in I can understand that he would, most likely, have been grateful for the use of any car. That is, as HICL had not settled his claim, and he was continuing to pay the significant finance on his stolen car, he was not in a position to shop around and find a ULEZ compliant car. So, I'm satisfied that he wouldn't have incurred those ULEZ charges if HICL had paid his claim.

It follows that I think it's reasonable that HICL reimburses Mr O for the ULEZ charges he needs to pay between one month on from the theft of his car, 11 November 2024, and the date HICL settles his claim. And as he wouldn't otherwise have been out of pocket for those funds, it should add simple interest, at a rate of 8% a year, to any reimbursement from the date Mr O paid the charges, as supported by evidence, to the date it reimburses him.

Children's car seats

Mr O said that he had to replace the children's car seats that were stolen with the car at a cost of £250. Mr O's policy says that accessories in the car including car seats are covered as part of the market value of the car. So HICL should consider this element of his claim under the remaining terms of his policy. It should add simple interest to any settlement for this claim at a rate of 8% a year from the date of claim until the date that it makes payment to him.

Buying his friend's car

Mr O told us that his friend, Mr A, has let Mr O use his car since January 2025. Mr A's provided a statement in which he said that prior to lending the car to Mr O, he'd intended to sell it for around £2,000. He hasn't done so because Mr O was using it. Mr A said that he had expected the car loan to be temporary until HICL settled Mr O's claim. That still hasn't happened.

Mr O said that while he hasn't yet bought the car off Mr A they have an agreement between the two of them for him to do so. Mr A has confirmed this agreement and Mr O has provided

² Mr O has shown us evidence of 53 of those charges. He's explained that the most recent three have yet to appear on his account.

evidence of him proposing it before I issued my provisional decision. So I accept their evidence that an agreement in principle to buy the car exists between the two of them.

However, given the car's ownership hasn't actually transferred between the two of them, I can't fairly say that Mr O is out of pocket for buying a car he hasn't actually bought. If he decides to buy the car now, in the knowledge that I will almost certainly uphold the complaint and instruct HICL to settle the claim that is a matter between himself and Mr A. But I can't fairly say that it's an expense Mr O has to cover because of HICL's decision to refuse his claim.

Further, Mr O is presumably prepared to pay £2,000 for the car because he thinks that's what it's worth. So, if he buys it, he will have an asset worth £2,000. So he won't necessarily be out of pocket. And he's had use of the car since January 2025.

Compensation for distress and inconvenience

Mr O has provided a detailed commentary on some of HICL's failings and how those have affected him. He said that the compensation I provisionally awarded of £1,000 is insufficient to address that and thinks that a sum of £2,500 would be fair.

I've thought very carefully about what Mr O's had to say. However I do not intend to increase the compensation I provisionally awarded.

I need to be clear that when thinking about whether or not to award compensation and if so how much, we do not think about the scale of the error. So a more shocking mistake, omission or decision won't automatically attract more compensation than a simple admin mistake or oversight. Instead we look at the impact of what's gone wrong on the consumer concerned.

I accept that matters have taken far longer than they should have done. But a claim of this nature will always have some impact on the consumer, even where things are handled smoothly. And, as I said in my provisional decision, it's not unusual for insurers like HICL to wish to investigate matters thoroughly. I'll also remind Mr O that my findings are limited to HICL's actions up to the point it issued its final response to his complaint in February 2025, although I have considered the impact that its decision refusal has continued to have on him. And having done so carefully I'm satisfied that an award of £1,000 is appropriate in the circumstances.

Mr O has suggested a payment of around £2,500 would be fair but I do not agree. We should generally only award a sum in that bracket where the problems have persisted for over a year, or have had an extremely serious short term impact. I don't think that's the case here.

Further I accept that Mr O experienced considerable disruption to his daily life, and he has not had the benefit of the car that he's continued to pay for. But he has for the main part been kept mobile. And while I understand the potential threat of a debt of £38,000 or so owing to the lease company would have been daunting, this was something considered when I initially suggested an award of £1,000. And I'm satisfied that award is fair and reasonable in Mr O's circumstances. And it is in line with other awards we make in other cases of similar seriousness."

Developments

HICL accepted my findings. It said that in order to settle Mr O's claim for the loss of his car fairly it would need to see his lease. It also explained that had it insured a car, equivalent to Mr O's previous car, for the period he insured his friends car, that would have cost £2,693.

Mr O didn't provide any further comment.

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.

As both parties have accepted my proposal to uphold the complaint I do not intend to change my core findings. Instead I will limit my comments here to the matters that were outstanding.

HICL has explained that the insurance Mr O paid on his friend's car was considerably cheaper than he would have had to pay to it had he insured a car similar to his previous car for the same period. So I don't think he's out of pocket for that. And I don't think it would be fair to instruct HICL to reimburse him for those costs.

Mr O has not provided further evidence of his taxi journey on 1 November 2024. And in any event that journey was taken only around three weeks after his claim. I don't think I could reasonably have expect HICL to have settled the claim within that time frame. In those circumstances I think this is a cost he was always likely going to have to bear himself. So I make no award for it.

As I've been provided with no other evidence that challenges the proposals for redress I included within my second provisional decision, I don't intend to amend those. For the avoidance of doubt, I've listed those under the heading **putting things right** below.

Putting things right

Subject to Mr O providing the required supporting evidence, such as his lease agreement, within a reasonable time frame, I require HICL to settle Mr O's claim for the market value of his car at the date of loss. As I said in my second provisional decision, it should do so in the first instance by settling any outstanding balance on the lease/finance agreement. In line with Mr O's policy's terms and conditions, exactly how it does that will depend on the terms of Mr O's lease agreement.

If Mr O's lease/finance agreement is such that he would take ownership of the car at the end of the agreement then, after settling the outstanding finance, HICL should pay Mr O any balance owing, for the market value of the car at the date of loss. HICL must add simple interest to its payment to Mr O at a rate of 8% a year from one month after the date of claim – to allow it a reasonable time to have processed the claim – to the date it makes payment to him.³

If Mr O's lease/finance agreement does not allow him to take ownership of the car then HICL must refund to Mr O any payment he's made to the leasing company since the theft. It should add interest to any such refund at a rate of 8% simple a year from the date he made those payments to the date it reimburses him.

Additionally, if Mr O's lease agreement did not allow him to take ownership of the car but he had to pay an initial downpayment/deposit equivalent to a proportion of the term of the policy, then HICL should refund Mr O, on a proportionate basis, the unused portion of that deposit. So, if, hypothetically speaking, Mr O was 24 months into a 36 month lease agreement, then HICL should reimburse him 12/36 of the amount of the deposit.

HICL must also consider Mr O's claim for child seats under the remaining terms of his policy. It should add simple interest to any settlement for this claim at a rate of 8% a year from the date of claim until the date that it makes payment to him.

I also require HICL to reimburse or pay Mr O for:

- His evidenced payments to the ride hailing taxi firm between 11 November 2024 and 31 January 2025.

³ If HICL considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr O 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.

- His evidenced ULEZ charge payments between 11 November 2024 and the date HICL settles his claim. And as he wouldn't otherwise have been out of pocket for those ULEZ payments, it should add simple interest at a rate of 8% a year to those reimbursements from the date Mr O paid the charges, as supported by evidence, to the date it reimburses him.
- £1,000 compensation to address the substantial distress, inconvenience and disruption to his daily life that HICL's handling of the matter unnecessarily caused him.

My final decision

For the reasons given above and in my provisional decisions I uphold this complaint. I require Highway Insurance Company Limited to take the steps set out under the heading 'putting things right' above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 12 December 2025.

Joe Scott
Ombudsman