DRN-6043229

The complaint

Mr A complains that Zurich Insurance Company Ltd (Zurich) unfairly declined a theft claim under his motor insurance policy.

What happened

In February 2025, Mr A arranged a motor insurance policy for his high value car through a broker, which was underwritten by Zurich. The quotation and policy documentation confirmed that the policy required an active S5 tracker and Ghost 2 immobiliser installed on the car. In March 2025, Mr A's car was stolen from his home address and so he claimed under the policy. Zurich declined the claim as Mr A didn't have the security devices installed on the car. Mr A complained as he had made arrangements for these to be installed, but the car was stolen before the appointment.

Zurich didn't uphold the complaint as it was satisfied it had declined the claim fairly, and in line with the terms of its policy. As Mr A remained unhappy, he referred his complaint to this Service.

Our Investigator didn't uphold the complaint. They said they were satisfied Zurich's decision to decline the claim was fair and reasonable in the circumstances. Mr A disagreed and said, in summary, that the timeline leading to the purchase of the policy made it difficult to arrange the installation of the security devices, he arranged for this to take place as soon as possible. and Zurich didn't agree to a grace period to enable him to arrange the installation of the tracker and immobiliser.

As the case couldn't be resolved, it has been passed to me to decide.

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.

I know I've summarised the circumstances of this case in less detail than presented. But I want to assure both parties that I've carefully considered all the information provided. I may not respond to every point or piece of evidence. But I've focused on the issues I consider to be key to the outcome of the case. This isn't meant as a discourtesy but reflects the informal nature of this Service – and the rules this Service are expected to adhere to enable me to do this.

While I'm sorry to disappoint Mr A, I don't uphold his complaint. I'll explain why.

Relevant regulatory rules say firms must handle claims promptly, fairly, and mustn't unreasonably turn down a claim. So, the starting point with any insurance claim is the policy terms which sets out the basis of cover between the insurer and its policyholder. The terms of Mr A's policy say that he is covered for loss or damage to his car due to theft. However, the policy is also subject to the excesses, endorsements and exclusions set out on the policy schedule. These include:

"S5 tracker warranty

The following exclusion is added:-

We will not cover any loss or damage to your vehicle(s) caused by theft or attempted theft unless an approved S5 Vehicle Protection and Tracking System is installed and operational with the maintenance or annual subscription paid at the time of the loss.

Ghost 2 Immobiliser

It is a condition of this insurance policy that a Ghost 2 immobiliser is always active and operative to your vehicle, we will not pay any claim for theft or attempted theft under Section 2 of your policy unless your vehicle is fitted with Ghost immobiliser."

It isn't in dispute that Mr A's car didn't have an S5 tracker or Ghost 2 immobiliser fitted to the car. And so, under a strict application of the policy terms, Zurich's decision to decline Mr A's claim isn't unreasonable as the claim falls outside the contractual scope of cover.

I have the power to direct an insurer to depart from its terms if I consider it fair and reasonable to do so. So, I've gone on to consider whether it would be fair and reasonable for me to direct Zurich to do so here. Having considered the circumstances of the case in detail, I don't find that it would.

The policy was applied for on 28 February 2025 and commenced on 1 March 2025. Zurich set out in its policy documentation that Mr A was required to have an S5 tracker and Ghost 2 immobiliser installed and operational on the car, and this information was confirmed in the quotation sent to Mr A's broker on 24 February 2025. When taking out the policy, Mr A did so in agreement with the policy terms and endorsements. And so, the onus fell on Mr A to ensure that he met the requirements of the policy.

Mr A has confirmed he was aware of the endorsements and contacted Zurich to ask for a grace period to get this arranged. Zurich said it couldn't offer a grace period, and that no cover would apply for theft until these were installed.

There isn't a regulatory requirement for Zurich to offer a grace period, and this is a decision that falls within its commercial judgement. But in any case, I don't find it unreasonable for Zurich to have declined this as had Zurich agreed to this grace period, it would have accepted a risk beyond what it had agreed to cover. And Mr A paid a premium that reflected the level of risk Zurich was prepared to accept as outlined in his policy documentation.

I accept Mr A arranged to install the security devices as soon as possible, and there was a small window to arrange this prior to the policy commencing. But this small window of time wasn't due to Zurich's actions and instead appears to be due to his previous insurer notifying him that it wouldn't be offering to renew his cover close to the point his previous policy would come to an end.

Having a car stolen would understandably cause significant distress and upset. And I'm sorry to hear of the circumstances leading to Mr A's claim. However, having reviewed the available evidence, I don't find that Zurich has acted unfairly in the circumstances – and so I do not uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 7 May 2026.

Oliver Collins
Ombudsman