

The complaint

Mr C complains that First Central Underwriting Limited declined his claim on his motor insurance policy following the theft of his car. He wants it to deal with his claim.

What happened

Mr C's car was taken without his consent and damaged by a family member. He reported this to the police and provided a statement. And he made a claim to First Central. But First Central declined his claim as it said:

- Firstly, that Mr C wasn't the car's owner,
- Then that he hadn't provided a crime reference number,
- And then that he hadn't co-operated with the police prosecution as required by the policy's terms and conditions.

First Central offered Mr C £350 compensation for the trouble and upset caused by its delays in handling his claim. But Mr C rejected this.

our investigator's view

Our Investigator didn't recommend that the complaint should be upheld. He saw evidence that Mr C was the car's owner at the time of the theft. But he thought First Central had reasonably relied on the police's statement that Mr C hadn't supported an investigation to decline the claim. He also thought Mr C hadn't met the policy's definition of theft as he hadn't provided a crime reference number. And he thought First Central's offer of compensation for the impact caused by its service failings was fair and reasonable.

Mr C replied that he had supported the police investigation, and he wasn't responsible for its decision not to prosecute his family member. Mr C then provided a crime reference number for the theft. He thought the police decision not to prosecute was made because he couldn't provide evidence that he owned the car. He stated that he had provided a statement to the police and had never said he wouldn't support a prosecution. He said the police had said there was insufficient evidence to support a prosecution. Mr C asked for an Ombudsman's review, so his complaint has come to me for a final decision.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr C and to First Central on 10 December 2025. I summarise my findings:

It was now almost two years since Mr C reported the theft of his car by a family member who was banned from driving at the time. I could understand that this drawn-out process has been stressful, and expensive, for Mr C. And I was sorry to hear about this.

First Central initially declined the claim because the family member had been the car's previous owner and Mr C didn't have a receipt or letter of gift to confirm that it had been transferred to him. But Mr C explained that the car was registered in his name, as shown by the V5 where I could see that it was stated that he acquired the car before the theft, and he had insured it.

I didn't think it was reasonable for First Central to require evidence of a transfer of ownership within a family. And so I was persuaded by Mr C's statement and evidence that he was the car's owner as he had stated even though the police may not have been satisfied that this would meet a definition of "legal" ownership.

First Central then said it had declined the claim as it didn't meet the policy's criteria for "theft". It said Mr C would need to report the matter as a crime and obtain a crime reference number. Mr C didn't then have a crime reference number, but he later obtained one. And he made a statement to the police. But First Central said the police had decided that it was a civil rather than criminal matter as the family member was the car's owner. And so this didn't meet its criteria for "theft".

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

I could see that "theft" was defined on page 4 of the policy booklet as:

Any theft or attempted theft that you have reported to the police and which you have a crime reference number for.

Mr C reported the matter to the police, but he didn't initially have a crime reference number although he was able to provide First Central's investigators with a police log number. Mr C later obtained a crime reference number. And so I thought this meant that Mr C met the requirements of the policy definition and it would be unfair for First Central to decline his claim for this reason.

But First Central also said the claim was excluded from cover because Mr C hadn't assisted the police in its prosecution. And it relied on the following exclusion set out on page 16 of the policy booklet:

"What is not covered under Sections 1 and 2... Loss or damage to the car caused by a member of your immediate family, or a person living in your home taking your car without permission unless you report the person to the Police for taking your car without your permission and assist the Police in prosecution..."

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 First Central'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.

Mr C evidently reported his family member to the police as they were later charged with related driving offences. And I understood that Mr C provided the police with a statement. But the police told First Central's investigators in an email:

"Mr C... did not support a police investigation as it was deemed the offence of theft was not made out as the legal owner of the vehicle was his [family member]. The driver of the vehicle was dealt with for traffic offences".

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 considered how this applied to First Central's decision to decline Mr C's claim.

I could see that Mr C co-operated with the police investigation by providing a statement which he said hasn't been withdrawn. And Mr C said he was prepared to attend court. I considered the email from the police. And I agreed with Mr C that it could be differently

interpreted. First Central thought it meant that Mr C had not supported the police investigation.

But I thought it could also be read that the police had decided not to prosecute as a criminal conviction was unlikely due to the matter of the legal ownership of the car. This was confirmed by its letter to the family member where it stated that the theft charge had been dropped as there was insufficient evidence to provide a realistic prospect of a conviction. And so there was no investigation for Mr C to support. So I was not satisfied that First Central had evidence to show that Mr C refused to cooperate with the police prosecution.

As I've said above, if the policyholder is willing to co-operate, as I was satisfied Mr C was here, but the police decide not to take action, we'd normally expect the insurer to pay the claim. And so I thought it was unfair for First Central to decline the claim on the basis of the above policy exclusion. I thought First Central should now reconsider the claim in line with the remaining terms and conditions of the policy.

Mr C had already been advised by First Central and us that this may mean that First Central will try and recover its outlay from the family member.

First Central agreed that it had caused delays of six months in telling Mr C of its decision to decline his claim. And it had not returned a call as promised and left it to Mr C to call for updates. So its level of communication had been wanting. First Central offered Mr C £350 compensation for this level of service. And I thought that was fair and reasonable as it was in keeping with our published guidance for the impact of the errors.

Subject to any further representations from Mr C and First Central, my provisional decision was that I intended to uphold this complaint. I intended to require First Central Underwriting Limited to reconsider Mr C's claim in line with the remaining terms and conditions of his policy, and to pay him £350 compensation for the distress and inconvenience caused by its handling of his claim (as it had already offered to do).

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.

Mr C replied that he was happy with my provisional decision and had nothing further to add. First Central didn't provide any further representations for me to consider.

And so as I haven't received any further representations to consider, then I can see no reason to change my provisional decision.

Putting things right

I require First Central Underwriting Limited to reconsider Mr C's claim in line with the remaining terms and conditions of his policy, and to pay him £350 compensation for the distress and inconvenience caused by its handling of his claim (as it has already offered to do).

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require First Central Underwriting Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 30 January 2026.

Phillip Berechree

Ombudsman