

complaint

Mr L complains about how Society of Lloyd's dealt with his claim on his motor insurance policy for the theft of his car. He wants compensation for the loss he suffered after the car was sold by the police.

background

Mr L's car was stolen and recovered by the police. Lloyds declined to deal with his claim because the car had been left unlocked and the keys left nearby. But Lloyds told Mr L that it would arrange recovery of the car. It didn't do this and the car was sold at auction. Lloyds said it didn't have an insurable interest in the car, that it was for Mr L to recover it and that it couldn't identify the car because it had false plates. But it did offer Mr L £500 compensation for its delays in reaching a decision about his claim

Our adjudicator recommended that the complaint should be upheld. He thought that Lloyds was entitled to decline the theft claim due to the keys in car exclusion in Mr L's policy. But he thought it had told Mr L twice that it would arrange recovery of the car. He thought Lloyds handling of the claim had led to the car being sold for less than its market value. So he thought Lloyds should pay Mr L the difference, with interest and not charge him his excess. He also thought the £500 compensation for its delays that it had offered was reasonable.

Lloyds replied that the car had been sold before it was given its registration to then arrange collection.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can see that this has been a frustrating and worrying experience for Mr L. He had the unfortunate experience of having his car stolen and then his claim was declined. But his car wasn't returned to him so he lost the opportunity to sell it at a better price than the police auction yielded.

Mr L's car was stolen in April 2015. It was recovered on 28 August 2015. Lloyds told Mr L it declined the claim in December 2015, but it agreed that it had caused delays in doing this. It paid Mr L £500 compensation for the inconvenience this caused him. I think that's fair and reasonable. I can't see that Mr L disagrees that it was entitled to decline the claim.

But Mr L said if Lloyds hadn't told him it would collect the car then he would have arranged this himself. So Mr L thinks Lloyds should pay him the difference between the car's market valuation and the likely lower sum he received from the police, £3,577.20. I agree with him. I'll explain why.

Lloyds said it didn't have any insurable interest in the car when it was auctioned. But it didn't make its decision on the claim until December. The car was sold in September. So I think the car remained on risk with Lloyds.

Mr L said Lloyds told him on two occasions that it would collect the car from storage. Mr L's first call about the car's collection was on 28 August. On 29 August, the police told him the car could be collected and it wrote to Lloyds to confirm this. On 14 September Mr L, having heard nothing further, called Lloyds again. He said it told him it would then collect the car. But Mr L heard nothing more about the fate of his car until 1 November 2015 when the police told him it had been sent to auction.

From Lloyds' file I can see that it had agreed to collect the car. It knew where it was and it was waiting for the police to complete its forensic examination. The first agent noted, "we can pick it up once released". The second agent noted, "advise not collected yet". So I think Mr L was led to expect that he needn't take any action to safeguard his car. I think it was in Lloyds' care because it knew where it was and it had agreed to collect it.

Lloyds said it didn't have enough information to identify the car as the police hadn't told it the number plates had been changed. But I don't agree. Mr L wrote to Lloyds on 28 August to tell them this after the police had told him. Lloyds could have contacted Mr L for further information after the garage couldn't identify the car from the real number plates. He could then have given it a description of the car to help identify it. But I can't see that Lloyds contacted him about this.

So I think Lloyds' failure to collect the car caused Mr L prejudice. I think it should restore his position by paying him the difference between the car's market valuation and what Mr L received for it, with interest. I agree with the adjudicator that it shouldn't deduct the excess from this payment as this isn't applicable in this situation.

my final decision

My final decision is that I uphold this complaint. I require Society of Lloyd's to do the following:

1. Pay Mr L the full market valuation of his car less the payment made by the police, adding interest at 8% simple per annum from the date of auction to the date of settlement.
2. If Lloyds considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr L how much it's taken off. It should also give Mr L a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 17 February 2017.

Phillip Berechree
ombudsman