

complaint

Mr P is unhappy Advantage Insurance Company Limited declined a claim he made on his car insurance policy.

background

Mr P bought a used car in October 2017. He bought the car from a private seller at their home address. He carried out an HPI check before buying it, which showed no issues.

He later had an accident in February 2018 and claimed on his car insurance policy.

Mr P left his car at the scene after the accident. When he returned, it had been vandalised. At this point the Police got involved. While investigating what happened, the Police discovered that the car was stolen. It said Mr P had bought a 'cloned car' – i.e. it had registration plates on it belonging to a similar car.

Advantage declined Mr P's claim. It said that the car had been stolen and was the subject of another insurance claim – so the car was owned by another insurance company, not Mr P. As Mr P didn't own the car, it said he couldn't claim on the policy. And it suggested he needed to refer this to the person he bought the car from. Mr P was unhappy with this and referred the complaint to us.

Our investigator upheld the complaint. She said that Mr P had done a reasonable amount of checks to ensure the car wasn't stolen – so she didn't think it was fair for Advantage to decline the claim. Advantage disagreed, so the complaint has been passed to me to decide.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I think this complaint should be upheld. I'll explain why:

I understand the argument Advantage has made that the car never belonged to Mr P. But, I need to think about what would be fair in the specific circumstances of the complaint. I need to consider if Mr P carried out reasonable checks before purchasing the car and if he bought it in good faith.

Mr P has given us a copy of the HPI check he carried out before buying the car. This says that it was not recorded stolen by the Police and didn't have any other adverse markers. He got a signed receipt from the seller when he picked the car up. He says he checked the V5 document – including for watermarks. He got part of what appeared to be a service history for the car with what looked like genuine details on it. And finally, he completed the purchase of the car at the private address of the seller.

Taking all of this into consideration, I'm satisfied Mr P made reasonable checks to ensure the car wasn't stolen and was a genuine purchase. I haven't seen anything to suggest he would've had a reason to suspect the car was stolen.

So, I'm satisfied Mr P asked Advantage to insure the car to cover the risk of loss or damage in good faith. And Advantage accepted this risk.

I've thought about everything Advantage has said about this complaint. But, it hasn't given me anything to show the car wasn't insured in good faith, or given any evidence to show Mr P would have had reason to suspect the car was stolen. So, these points don't change my opinion.

Taking everything into account, I think it was unfair of Advantage to decline Mr P's claim. So I think it should:

- settle Mr P's claim as if the car wasn't stolen, in line with the policy's terms and conditions. It can deduct any refund of premiums it has already given Mr P from this amount
- add 8 % simple interest to the above, paid from the date it declined Mr P's claim to the date of settlement*.

* HM Revenue & Customs requires Advantage to take off tax from this interest. Advantage must give Mr P a certificate showing how much tax it's taken off if he asks for one.

I've also considered whether Mr P had any consequential losses that Advantage should be responsible for because of what it did wrong. But in this case I don't think he has.

my final decision

My final decision is that I uphold this complaint. I instruct Advantage Insurance Company Limited to put things right by settling the claim and adding 8% interest as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 26 August 2018.

John Bower
ombudsman