

complaint

Mr C's unhappy that Royal & Sun Alliance Insurance Plc (trading as More Than) has declined a claim on his motor insurance policy.

background

Mr C says he bought a car privately from a seller for £13,500 on 5 January 2019. The following day it was stolen from his driveway. The police recovered it but discovered it was a cloned car - that is it had the registration plates and details belonging to another car. After being stolen by the seller it had then been resold to someone else. Mr C says that he carried out a number of checks before buying the car which were clear. He also obtained evidence of the seller's driving licence, identity, address and ownership. The details he was given matched the information on the V5 document and the VIN located on the car. He's unhappy that RSA will not pay out on his claim saying he should've been aware the V5 document was a fraud. Mr C wants RSA to pay out on the claim.

RSA said that its checks had shown that the car's V5 registration document was a fake. The document reference numbers differ, it was on the wrong type of paper and there were no DVLA watermarks. It said it's clear the car which Mr C purchased is not the car he believed it to be and it's not the car shown on the policy schedule. As he wasn't the car's rightful owner he couldn't claim on the policy. On this basis it declined Mr C's claim.

Our investigator felt this complaint should be upheld. In summary he said Mr C had carried out reasonable checks to ensure the car wasn't stolen. And it wasn't therefore fair for RSA to decline the claim. It should therefore reassess Mr C's claim.

Mr C accepts the investigator's view saying it's fair.

RSA doesn't agree and has asked for an ombudsman review. It says Mr C wasn't deceived out of the car. The deception took place when he was induced to hand over the money for it. As it was a cloned car it was never rightfully Mr C's car and he had no insurable interest in it. He has been a victim of crime and as such no cover was actually in place.

my findings

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

It's clear Mr C has been the victim of a sophisticated fraud when buying a car.

I acknowledge RSA's various submissions and understand its arguments that the car never belonged to Mr C, that he has no insurable interest in it and that his loss occurred when he handed over the money for it. And it may well be that a Court would come to similar conclusions.

I've taken all of this into account. But what I must consider is what is fair and reasonable in the individual circumstances of this complaint. I need to consider if Mr C carried out reasonable checks before purchasing the car and if he bought it in good faith.

Taking everything into account I think on balance that Mr C bought the car in good faith and had no reason to believe it wasn't rightfully his.

He took significant and reasonable steps to ensure the authenticity of the car he was buying. He carried out an HPI check which didn't show any problem. He also checked the car's V5 for its serial number, issue date and compared the VIN number against those showing on the car's door and boot. He went to the seller's property, copied the seller's driving licence and utility bills. These confirmed the seller as the person he was buying from at that address. He's also shown evidence of getting the cash from the bank and got a written receipt from the seller. He was also given two sets of keys. And the car's price although low wasn't unreasonably so.

RSA says the V5 was a fraud and was on the wrong type of paper and didn't have a DVLA watermark. But it's difficult to expect Mr C to have known exactly how this document should've been formatted. And Mr C says one of the police officers commented on the high quality of the forged V5 document he was given. Mr C clearly reasonably thought it was authentic.

Overall I can't see what more Mr C could reasonably have done, or been expected to do, to ensure he wasn't buying a stolen or cloned car. And I think he bought it in good faith and there's nothing to suggest he would've had a reason to suspect the car was cloned.

So, I'm satisfied Mr C asked RSA to insure the car to cover the risk of loss or damage in good faith and on the assumption if it was stolen he would be covered. RSA accepted the risk by taking his premium. As theft was an insured event and happened I think it is fair and reasonable for RSA to reassess Mr C's claim on the basis the car was his and the policy was valid.

If in doing so RSA pays Mr C any money it can deduct any refund of premiums it's already made. But it should also pay him simple interest on any sum paid at the rate of 8% a year from the date it declined the claim until payment is made.

my final decision

I uphold this complaint. To put things right Royal & Sun Alliance Insurance Plc (trading as More Than)) should reassess Mr C's claim and pay interest* as I've set out above.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 30 September 2019.

Stephen Cooper
ombudsman