

## **complaint**

Mr and Mrs P complain that U K Insurance Limited ("UKI") provided them with poor service when Mrs P claimed on their motor insurance policy after the theft of Mr P's car.

## **background**

Mr P's car was stolen whilst he and Mrs P were away on holiday. Mr P reported it to UKI straight away. They returned to the UK on 11 September 2018, and one of UKI's advisors took all the details of the theft from Mr P. Mr P asked what would happen if he were to buy a new car and the stolen one was then recovered. The advisor said Mr P might find he owned two cars if UKI at that point hadn't paid him the total loss settlement for the stolen car. He also said Mr P should wait until UKI's engineer had spoken to him.

Mr P spoke to the engineer on 14 September 2018 and accepted the sum he proposed for the stolen car. He spoke to two other advisors on the same day and asked about adding another car to the policy. Later, in carrying out its usual checks, UKI found that there was a marker against the stolen car showing that finance was owed on it. Mr P said that was wrong, as he'd bought the car with cash. In fact the marker had been added in error, but it took some time to get it removed. UKI said it couldn't pay Mr P until that was done.

In the meantime, on 21 September 2018 UKI received the theft pack it had sent to Mr P asking him for documents, including Mr and Mrs P's driving licences. An advisor told Mr P all was in order on 25 September 2018. Mr P bought another car two days later. On 28 September 2018 the stolen car was found and UKI decided it was repairable. Mr P was then told that UKI still required driving licence codes from him and that the finance marker was still in place. So UKI hadn't sent him a payment and wasn't now prepared to do so.

Mr P didn't want the stolen car back, so as a gesture of goodwill, UKI offered to try to sell it to one of its agents. It was able to do so, but for less than it had offered Mr P originally. He accepted the offer but later told UKI he wasn't happy with it. He said UKI had caused the delays that led to him not being paid the original sum, so it should honour it.

One of our investigators reviewed Mr P's complaint. She said that by 21 September 2018 Mr P had returned the theft pack and had provided evidence that there was no issue with finance. He was told that payment would be made and was asked for his bank details four days later. He was told to complete the V5 registration document to show he was no longer the car's registered keeper on 25 September 2018. So she thought it was reasonable for him to expect a payment imminently. She didn't think it was Mr P's fault that he hadn't sent UKI the driving licence codes. She said UKI had accepted that the wording of the request wasn't clear. The investigator thought UKI should pay Mr P the original sum it had offered him.

As there was no agreement, the complaint was passed to me for review.

## **my findings**

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

UKI relies on the fact that Mr P was told at the start he would own the stolen car if it was found before UKI had paid for its loss. In those circumstances, the policy allows UKI to decide how to settle the claim. Insurers normally don't pay a total loss settlement sum when

it's clear that a car is repairable, as in this case. So I think UKI had the right to say it wasn't going to deal with the claim in the way Mr P still wanted it to do. What I have to decide is whether it was fair and reasonable for UKI to do that given the facts in this particular case.

Mr P bought the stolen car from a dealership garage. The dealership's finance company had financed an earlier purchase. It was able to confirm that the finance marker related to a previous number plate for the car and a different consumer. UKI's notes show that by 22 September 2018 the dealership's finance company had confirmed to UKI that it had no financial interest in the vehicle. The notes show that Mr P was informed of that on 25 September 2018. He wasn't told there was an issue with the driving licence codes. UKI's notes say he was told the total loss team would now arrange to issue the payment.

Mr P wasn't told at that point to wait until he'd received the payment before he bought a new car. In fact, according to the notes, UKI told him to call again once he had the new car to add it to the policy. So I can see why Mr P thought there was no reason not to go ahead and buy the new car on 27 September 2018.

On that date, he was told that the total loss marker still hadn't been removed. And the next day he was told that UKI needed the driving licence codes from him. Mr P wasn't happy that he was being told different things, but I don't think he had any reason to think the payment wasn't going to be made. He didn't find out the car had been recovered until the evening of 28 September 2018 when he got home and opened the letter from the police.

UKI says it uses a particular company to check that there are no markers against particular cars. But I think it would have been reasonable in this case for UKI to have acted differently. I think it would have been reasonable for it to accept the direct written assurances from the dealership and its finance company that it had made an error in adding the marker - and that it had no financial interest in the car.

The other reason for the delay in payment was caused by UKI realising that it didn't have the driving licence codes it needed. UKI accepts that the wording in the theft pack wasn't clear. Mr P returned the pack with the driving licences because his understanding was that UKI required them. He didn't realise he should also provide the codes. And he returned the pack in good time, so UKI had it by 21 September 2018. I don't think it was Mr P's fault that UKI didn't realise the codes were missing until a week later.

UKI had assured Mr P on 25 September 2018 that it was about to pay him the agreed sum for the stolen car. I think it was reasonable for him to rely on that. Had UKI accepted the assurances from the finance company and checked for the codes earlier, I think it's very likely that Mr P would have been paid before he found out that the stolen car was recovered.

I appreciate that UKI could have insisted that the stolen car was repaired and returned to Mr P. I think it tried to make the best of a bad situation for him by selling the car, which it wasn't obliged to do. But Mr P was still left out of pocket.

I think UKI's advisors had various chances to inform Mr P during their conversations with him on 24 September 2018 and on the following day that he should not buy another car until the payment had been made for the stolen car. Even when he raised the issue of insuring a new car, it didn't prompt the advisor to say anything about it. In the light of that, I don't think it's reasonable for UKI to rely on what was said to Mr P on the day he reported the claim.

In my opinion, it would be fair and reasonable for UKI to pay Mr and Mrs P the difference between the original offer it made for the car (£15,310) and the sum it actually paid for it (£13,593). I think it should also add interest to the £1,717 due.

### **my final decision**

My final decision is that I uphold this complaint. I require U K Insurance Limited to do the following:

- Pay Mr and Mrs P £1,717 - the difference between the sum initially offered for the stolen car and the sum paid for it
- Add interest to the £1,717 due, at the simple yearly rate of 8%, from the date of the first payment to the date of settlement

If UKI thinks it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mr and Mrs P how much it's taken off. It should also give them a tax deduction certificate if they ask for one, to reclaim the tax if appropriate

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs P to accept or reject my decision before 12 August 2019.

Susan Ewins  
**ombudsman**