

complaint

Miss H complains that Admiral Insurance Company Limited wouldn't pay her the market value of her written-off car and that it disposed of it without her permission.

background

Miss H's car was stolen in May 2017. It was found a few months later, but due to the extent of the damage done to it, the car was written-off. Admiral was in the process of validating the claim at the time, and had concerns about how the car was purchased. In September 2018, after Miss H had complained to us, Admiral told Miss H it wasn't going to cover the claim. It said she hadn't provided all the information it needed. Shortly afterwards, due to an error made at the salvage agent's premises where the car was stored, it was sold. Admiral paid Miss H £300 compensation for that, plus the £6,090 it was paid for the salvage.

One of our investigators considered Miss H's complaint. She thought Admiral had dealt reasonably with the error made in selling the car. In her opinion, Admiral had the right to make enquiries into the car's ownership and the funds used to buy it. But she said Miss H had provided the car's V5 registration document and had explained that the car was bought in cash. As Miss H couldn't provide any further information, she thought Admiral should deal with the claim and pay Miss H the car's pre-accident market value, less the salvage sum, plus £250 compensation for distress and inconvenience.

Admiral said it had a duty to ensure that a car it was being asked to pay for was bought with legitimate funds. It said Miss H and her ex-partner had provided varying accounts of how the car was paid for, and there was no evidence to show where the cash had come from. It said as the car's seller was a friend, his receipt for the funds should be viewed in the light of that.

I issued a provisional decision not upholding the complaint as follows:

I agree that Admiral dealt reasonably with Miss H's complaint about the sale of her car without her knowledge or consent.

As Miss H made a claim on the policy, it's for her to show the claim's valid and to answer Admiral's reasonable queries about it. Although she's provided the car's V5 document, that only shows she's the car's registered keeper. It isn't proof of ownership. I think it's fair for Admiral to want to establish that Miss H is the car's owner and how it was paid for.

Miss H says she and her ex-partner bought it with £20,000 in cash, and there's nothing wrong with that in itself. Neither she nor her ex-partner thinks £20,000 is a large amount of money. But I don't think most consumers would keep such a sum at home – and paying cash is an unusual way to buy a car of that value. So I can see why Admiral asked Miss C for evidence of the purchase.

I think it's reasonable for Admiral to say that Miss H hasn't provided all the details it needs, in line with the policy requirement. Both she and her ex-partner have given information to Admiral about the car's purchase. They think they've provided enough details for it to pay the claim. But there are discrepancies in what they've said. That includes several different versions of who paid for the car and changes in the sums they say each party put towards the purchase. The claims notes show that at one point, Miss C told Admiral her father bought the car for her, which contradicts what she and her ex-partner have said at all other times.

I think it's reasonable for Admiral to have concerns about what has been said and to want reliable documentary evidence of the purchase. Admiral has tried to explain to Miss H why it needs further information from her. In my opinion it has given her every chance to provide it. If Miss H can't show how the car she's making a claim for as its owner was paid for, I don't think she can show that there's a loss for Admiral to cover under her policy.

I asked the parties to comment on my provisional findings. Admiral accepted it. Miss H didn't comment on the discrepancies I'd mentioned. She said she should have been paid the market value for the car, regardless of how it was paid for. She said she'd provided evidence of the purchase, so Admiral should have to pay her the rest of the money for the car.

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 don't think Miss H's comments have added anything to the points she'd already made before I issued my provisional decision. Miss H has always thought she should get the car back and that the claim should be paid. Admiral can't give her the car back, as it was sold in error by the salvage firm. But it has paid the salvage value of the car, plus compensation.

I'm still of the view that it was reasonable for Admiral not to pay Miss H the car's market value. I think it made it clear to her that it needed more information to validate the claim and that she must prove the loss she'd faced. Miss H hasn't been able to do that, in line with the policy's requirements. So the concerns Admiral had about the car's purchase remain.

As I don't think Admiral acted unreasonably, I can't uphold Miss H's complaint.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 24 March 2020.

Susan Ewins
ombudsman