

The complaint

Mr H complains that Zurich Insurance Company Ltd (Zurich) unfairly declined indemnity for a claim under his Motor Trade Road Risks Insurance Policy.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr H held a Motor Trade Road Risks Insurance Policy underwritten by Zurich. The policy schedule described Mr H's occupation as a car dealer (part time).

The policy provided cover for a number of areas of risk, including Accidental Damage. This section provided, in part, cover for damage to property resulting from accidental or malicious damage to a motor vehicle.

The policy contained a number of relevant definitions, including for "Motor Vehicle". Essentially this was a vehicle that was the property of Mr H or was in Mr H's custody or control in connection with motor trade purposes.

In March 2023, Mr H made a claim for a vehicle which caught fire. Mr H said he drove the vehicle to a friend's house, and it was parked outside where he could see it. Mr H heard a sound and then he noticed flames from under the vehicle.

Zurich appointed a loss adjuster to investigate the claim. Zurich had a number of queries around the ownership of the vehicle, as well as some concerns over Mr H's Motor Trade business. Ultimately, Zurich declined the claim on the basis that the vehicle involved in the incident was registered in the name of a separate limited company, which I'll refer to as P. Zurich said there was no evidence of Mr H owning the vehicle.

Mr H said the vehicle was registered in the name of P because he was a dormant partner of P, which he co-owned with his brother. However, Zurich said there was no evidence of his involvement in P.

Mr H said he purchased the vehicle from his brother. He said in return for the vehicle, he part exchanged a van to the value of £14,500. For the remaining £17,500, he fitted a new kitchen and bathroom for his brother.

Mr H complained about Zurich's decision to decline indemnity for the claim. Zurich said there was a lack of insurable interest in the vehicle involved in the incident, referring to there being limited evidence Mr H had paid to purchase the vehicle or that he was the owner of the vehicle.

Mr H remained unsatisfied with this and brought his complaint to the Ombudsman Service. However, our Investigator did not recommend the complaint be upheld. He thought that, as the V5C indicated that Mr H was not the owner of the vehicle, it was reasonable that Zurich required further evidence to confirm Mr H's insurable interest in the car. And that, as Mr H

had not been able to provide enough evidence to substantiate that he had paid for the vehicle, he thought it was reasonable for Zurich to conclude that the vehicle was not Mr H's property.

Our Investigator also thought that Zurich had acted fairly and reasonably in the enquiries they made.

Mr H did not accept our Investigator's findings. As a result, the complaint has been passed to me for a decision.

What I've decided – and why

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

I want to assure both parties that I've read and carefully considered everything they've said but I won't comment on everything. This is not intended as a discourtesy, but a reflection of the informal nature of the Ombudsman Service.

Having done so I have come to the same outcome as our Investigator. I'll explain why. The issue I have considered is whether Zurich acted fairly and reasonably in declining Mr H's claim.

There are a number of ways in which damage being claimed for might be covered under the policy. Essentially though, these can be summarised as being where the vehicle involved is the property of Mr H or where it is in the custody or control of Mr H for motor trade purposes.

Zurich primarily declined the claim on the basis that it was not satisfied that the vehicle involved was the property of Mr H. The V5C document lists P as being the registered keeper of the vehicle. Mr H doesn't dispute the vehicle being registered in P's name. Mr H said he is the co-owner of P and a dormant partner. Based on the evidence I have seen, including the company information available on Companies House record, I am satisfied that Zurich fairly and reasonably concluded that there wasn't enough evidence of Mr H's involvement in P.

Mr H maintained he brought the vehicle from his brother. However, whilst Mr H has provided an explanation of how he purchased the vehicle, he was unable to substantiate enough evidence to support it. For example, he provided a handwritten receipt relating to the purchase of the £32,000 vehicle. The handwritten receipt said it was part exchanged for another vehicle and Mr H fitted a bathroom and kitchen to pay the remaining balance.

Mr H was unable to provide further detail about the vehicle part exchanged, or a bank statement confirming the cost associated with the transaction, including costs involved in the works he says he carried out to pay for the vehicle. Given these points, I consider Zurich was entitled to consider that the vehicle was not the property of Mr H. He was not the registered keeper and had not been able to evidence any payment of the purchase. Ultimately, no evidence has been provided that Mr H paid for or owns this vehicle.

The second potential area of cover requires that the vehicle is in the custody or control of Mr H for motor trade purposes. The policy does provide cover where a vehicle belonging to another is being driven by Mr H, if the vehicle is in Mr H's custody or control in connection with his motor trade business.

Mr H's business is set out in the policy documents as being "car dealer", and it is only when a third-party vehicle is held by Mr H for the purpose of its business that the policy provides cover. This would include a vehicle being in his custody for the purpose of a sale.

Mr H has not provided any indication that the vehicle was in his custody or control for motor trade purpose. Essentially, Mr H has said he owned the vehicle, and he was driving it. I have therefore not considered this aspect of the cover any further, as Zurich has not relied upon this to decline the claim, nor has Mr H said that it applies to the circumstances of his claim.

As I consider Zurich acted appropriately when concluding the policy does not respond in the circumstances of the claim, it follows that I am unable to fairly and reasonably ask Zurich to do anything more in relation to this aspect of the complaint.

I appreciate Mr H feels as though he provided Zurich with all the information, they requested but they still declined his claim. I do however consider that the enquiries Zurich carried out were reasonable in the circumstances.

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 Mr H to accept or reject my decision before 25 October 2024.

Ankita Patel
Ombudsman