

The complaint

Mr M complains about U K Insurance Limited's (UKI) handling of a claim he made under his car insurance policy.

Mr M has been represented for the complaint by a named driver under the policy, who was the last person to use the car before it was stolen. But for simplicity, I've referred to the representative's actions as being Mr M's own.

What happened

Mr M's car was stolen in January 2024, so he contacted UKI to make a claim under his policy.

Mr M says UKI contacted him in February 2024 about the claim and told him they would settle the outstanding finance on his car within seven working days, in line with the policy's terms. Mr M says he heard nothing further until early March 2024, where UKI told him they were declining the claim as his car had been stolen while unlocked and with the keys inside.

Mr M says UKI's actions caused him to suffer a financial loss – he says he had already taken out a new finance agreement on a replacement car. He was also unhappy with UKI's delays in dealing with the claim - so he raised a complaint.

UKI responded to Mr M's complaint and upheld it in part. They said while they wouldn't be changing their stance on the claim decline decision, they agreed there had been a delay in the claim's process and in providing information and updates. They offered £300 compensation to make up for any inconvenience caused.

But Mr M remained unhappy with UKI's response and he brought it to this Service. An Investigator looked at what had happened but didn't recommend the complaint should be upheld. She said UKI had dealt with the claim reasonably in line with the policy's terms, and she thought the compensation offer for delays was fair and reasonable.

Mr M disagreed with the Investigator's findings – he said UKI hadn't taken into account the circumstances of the theft and he felt he hadn't acted negligently. He also disagreed that UKI had acted fairly in how they'd dealt with the claim in respect of delays. He asked for an Ombudsman to consider her complaint – so it's been passed to me to decide.

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.

Having done so, I've decided not to uphold the complaint. I appreciate this will be disappointing for Mr M – so I'll explain why.

While I note there are some complaint points around delays and handling, the crux of the complaint is over the declined theft claim itself. The starting point is the policy's terms, which say:

"We won't cover loss or damage to your car if the person using it doesn't take care to keep the car secure. For example, if anyone who uses your car:

- *Left the car keys unattended in or on the car.*
- *Left the car unattended and unlocked."*

This is a common term in most insurance policies which allows insurers to decline claims that they feel have been caused by a policyholder failing to take reasonable care. So, I don't find this to be unreasonable – provided UKI have applied this term fairly.

The term is one that requires a policyholder to take reasonable care to protect the car from damage or loss. So, in order to reach a fair decision, I've considered, amongst other things, relevant law and court cases, in particular the 'reasonable care' test set out in the case of *Sofi v Prudential Assurance (1993) 2 Lloyd's Rep.559*. This says that for it to be shown Mr M failed to take reasonable care, UKI would need to show a reasonable person would have recognised there was a risk, but took it anyway, by taking measures which he knew were inadequate, or simply no measures at all.

I've considered all the written submissions as well as Mr M's testimony about what happened at the time of the theft. In short, Mr M's car was parked on the driveway of his home and he left the car unlocked with the door open, and the keys inside, while he went back to the garage to collect his dog. Unfortunately, the dog escaped, and Mr M went to retrieve it, fearing the dog may be hit by a car if he didn't.

While I do appreciate the situation that Mr M reacted to when his dog escaped, I must consider this against the wider circumstances of the claim. Mr M had left the car unlocked, with the door open, and the keys inside the car. I do appreciate this was initially done with a view to return to his garage to collect his dog. But, while I understand the actions Mr M took and why he did this, I find that in leaving his car out of sight for several minutes while he retrieved his dog, a reasonable person would recognise there was a risk that the car could be subject to a theft.

As such, I think UKI have reasonably declined the claim in line with the terms and conditions of the policy. They set out clearly to Mr M what expectations they put on the policyholder in both the written terms as well as the Insurance Product Information Document (IPID) provided when the policy was taken out. Therefore, in not meeting these conditions, Mr M breached his responsibilities under the policy. I therefore think UKI has been fair in declining the claim and I won't be directing them to reconsider it.

In respect of the delays to the claims process, I can understand the Mr M's frustrations in being told the claim was going to be paid, and for this to change when UKI later declined cover due to the circumstances of the theft. I have no doubt this would have caused some inconvenience to Mr M – but I'm not persuaded this caused the loss Mr M is claiming – I'll explain why.

I've looked at what UKI were required to do under the policy once Mr M made the claim for his stolen car. The policy's terms say UKI will pay the car's market value in the event of loss. And as Mr M's car was on a finance agreement, UKI said they would settle this directly and pay any remainder into Mr M's chosen account. Mr M says as he had no other transport or offer of a courtesy car, he chose to take out a new finance agreement for a replacement car before the claim had concluded.

While I can see there were delays in progressing the claim and in getting a date confirmed for when the settlement would be paid, Mr M wouldn't have been entitled to a courtesy car under the terms of the policy where his car was stolen in any event. This means I wouldn't find it fair or reasonable to direct UKI to pay for any alternative transport costs.

And while I understand why Mr M chose to take out a new finance agreement, so he had a replacement car, I find that as this was done prior to the claim being concluded, this was ultimately his choice to make, and as such, I don't find that UKI's actions directly led Mr M into taking out a new finance agreement for a replacement car. It follows that I won't be asking them to cover any of these costs either.

I note Mr M has also said UKI continued to charge for the monthly premiums despite declining the claim. I appreciate Mr M feels this is unfair as he no longer had the use of the car the policy originally insured. But as Mr M had made a claim on the policy, I find that UKI were entitled to charge for the risk they originally quoted for. And this wouldn't be altered because a claim had been declined.

I appreciate UKI have agreed there were some delays to the claim's process and they've paid £300 compensation. I'm aware Mr M doesn't consider this to be enough compensation, but I'm not going to ask UKI to make any further payments to Mr M because I'm satisfied the actions UKI have taken produces a fair and reasonable outcome in this particular complaint.

My final decision

For the reasons given above, 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 M to accept or reject my decision before 13 January 2025.

Stephen Howard
Ombudsman