

The complaint

Mr F complains West Bay Insurance Plc unfairly declined his motor insurance claim.

Mr F's been represented for the claim and complaint. For simplicity I've generally referred to the representative's actions as being those of Mr F. In the same way I've referred to the actions of West Bay's agents as being its own.

What happened

In August 2022 Mr F's home was broken in to. The only set of keys for one of his cars were stolen - but the car itself wasn't. Mr F believed, due to age of the car, replacement keys couldn't be sourced. He felt it wouldn't be economically viable for a new set to be produced. So, as the car could no longer be used, he considered it a total loss due to the theft of its keys.

So Mr F claimed against his West Bay motor insurance policy for the value of the car, around £19,000, as a total loss. But the insurer declined the claim – stating the policy doesn't cover lost or stolen keys. Mr F complained that cover for loss of key is irrelevant as he's claiming for the value of the car, not the keys.

In November 2022 West Bay responded to a complaint. It denied a point made by Mr F that it had initially accepted the claim. It said instead it had incorrectly thought his policy provided key car cover. It refused to cover storage costs Mr F had requested. It didn't change its position on the claim outcome. Mr F wasn't satisfied so came to this service. He wants West Bay to pay his claim and costs – including legal and storage fees.

Our Investigator didn't feel West Bay had done anything wrong or treated Mr F unfairly. So he didn't recommend it do anything differently. Mr F didn't accept that outcome, so the complaint was 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.

As this is an informal service I'm not going to respond here to every point or piece of evidence Mr F and West Bay provided. Instead I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything provided.

Section 3 of Mr F's policy provides cover for *'loss or damage to the car and its accessories caused by fire, theft or attempted theft'*.

The same section of the policy states *'What is not covered under Section 3...Loss of keys, keyless entry system devices, tapes...'*.

Mr F has said the policy terms are ambiguous, so should be interpreted in his favour. I don't agree with him on that. The exclusion is found within the 'theft' section – so is relevant to a theft of the keys. So the policy doesn't provide cover for keys when stolen – regardless of whether they are considered part of the car or an accessory.

But Mr F's claim is for the loss, or financial detriment, resulting from the theft of the keys – rather than for the actual keys. The theft of the keys, according to Mr F, has caused a greater financial loss than simply the standard cost of their replacement.

It seems there may be potential costs, resulting from the theft of the keys, beyond their simple replacement. (Although West Bay questions whether it really is impossible or unviable to replace the keys). This might range from the requirement for a second-hand lock, key set and ECU (with a possible impact on the value of the vehicle) to a total loss.

Mr F says the exclusion doesn't apply to his claim – what might be considered as loss caused by the loss of keys. My understanding is that he feels the exclusions reach is instead limited to the direct loss of the keys themselves. So in his opinion any loss caused by the loss of keys is covered.

He contrasts the wording of the 'loss of keys' exclusion with another in section 3: *'Loss or damage caused by theft or attempted theft if the keys or lock transmitter or entry card from the keyless entry system are left in or on the car with unattended'*.

Mr F's point seems to be that second exclusion does exclude loss 'caused' by an event – where as the 'loss of keys' one is restricted to the direct loss of that item.

In my opinion the reason for any, either direct in the form of the keys or consequential, loss is the theft of the keys. The relevant exclusion means the policy doesn't cover theft of keys. So, whilst I've considered Mr F's arguments about ambiguity and imbalance, I don't think it would be reasonable to require West Bay to cover either the keys or any indirect loss resulting from their theft. Ultimately any loss derives from the theft of the keys – something not covered by the policy. So I'm not going to require West Bay to settle Mr F's claim.

Mr F's asked that West Bay reimburse his storage costs. He seems to have incurred these from a month or so after the claim was originally declined. I haven't found West Bay's decision unfair or unreasonable. So I wouldn't expect it to cover those storage costs. I can see Mr F's incurred costs for his representatives for the claim and complaint. For the same reason, I don't find its decision unfair or unreasonable, I'm not going to require it cover those costs.

Finally Mr F feels West Bay initially accepted his claim – but later changed its position. I've listened to the claim notification call. I'm not persuaded anything it said could be taken as the claim being accepted. In any event it can be reasonable for insurers to change their position on receipt of further information.

So I'm not going to require West Bay to settle Mr F's claim, reimburse any costs or pay compensation.

My final decision

For the reasons given above, I don't require West Bay Insurance Plc to pay any additional compensation or to do anything differently.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 10 October 2023.

Daniel Martin
Ombudsman