

The complaint

Mr R complains about Skyfire Insurance Company Limited ('Skyfire') cancelling his motor insurance policy.

Skyfire are the underwriters (insurers) of this policy. Part of this complaint concerns the actions of their appointed agents. As Skyfire accept they are accountable for the actions of their agents, in my decision, any reference to Skyfire should be interpreted as also covering the actions of their appointed agents.

What happened

The background to this complaint is well known to Mr R and Skyfire. In my decision, I'll focus mainly on giving the reasons for reaching the outcome that I have.

Mr R took a motor insurance policy out on 15 November 2022 at 13.23. very shortly after, the car was seized by police. The police called Skyfire who confirmed that an insurance policy was in place. The car was released by the police. Based on some details that came out of that call, Skyfire then referred the policy to their internal investigation team.

Skyfire decided to cancel the insurance policy due to there being no evidence of Mr R holding an insurable interest - as they weren't satisfied that Mr R was the registered keeper or legal owner of the car. They asked Mr R for proof of ownership – such as proof of payment or the V5 log book – but he was unable to provide these for a variety of reasons.

Mr R raised a complaint. As Skyfire didn't uphold it and he remained unhappy, he referred the complaint to our Service for an independent review. Our Investigator considered the complaint and recommended that it be upheld. As Skyfire didn't accept, the complaint was referred to me for a decision. I sent both parties a copy of my provisional, intended findings and as the deadline for responses has now passed, I've considered the complaint for a final 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.

Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. This isn't meant as a discourtesy to either party – it simply reflects the informal nature of our Service.

Responses to provisional decision

Mr R responded to my provisional decision, Skyfire haven't done so. Mr R hasn't provided any new evidence that would materially change the outcome that I've reached. He's said:

- He paid cash and there was no online banking involved.

- The car was parked on his driveway and the insurer refused anything he told them.
- Other customers have been affected by how this insurer treats customers and they don't give a fair opportunity for their customers to provide evidence in this type of scenario.

Mr R has been unable to provide supporting evidence of where the cash came from or an audit trail showing withdrawals, or any transfers between accounts prior to him withdrawing cash. In their final response letter, Skyfire have said Mr R has been unable to provide any acceptable proof of purchase and I agree with this. When Mr R spoke to Skyfire after they initially raised the issue with him, it's been recorded that he told them he had two bank accounts (online based) and he took cash out of his savings and could provide proof of the money coming out of a bank account.

I've seen no evidence to support that Mr R was not given a fair opportunity to respond to Skyfire's concerns. As previously referenced, even many months later Mr R was unable to provide the necessary evidence - so I don't find that he's been treated unfairly or not given a fair opportunity by Skyfire. He's referred to how other customers have been treated by this business - but I'm only considering how he's been treated in my decision.

Therefore, my previous findings still stand and I've amended the reference to online banking below.

Our Investigator focused their assessment on the questions Mr R was asked when taking out this policy. But what's really at the heart of this complaint is whether or not Skyfire fairly cancelled this policy and if Mr R was given the fair opportunity to demonstrate that he had an insurable interest (or other financial interest) in this car before that decision was made.

After they were contacted by the police, Skyfire decided to take a closer look at the risk they were insuring here and contacted Mr R. This is fair, reasonable and what I'd have expected to happen.

When Skyfire spoke to Mr R on 7 December 2022, he told them that he'd bought the car from a friend on the same day the police had seized it. He was unable to provide any evidence or receipts to show how he'd paid for the car. I've noted a private car sale contract has been provided along with a photo of a Revolut card with Mr R's name on it and a Halifax account card. Therefore, I don't find Skyfire's concerns here to be unreasonable.

Skyfire then gave Mr R ample opportunity to provide a copy of the V5 log book. Various excuses were provided as to why this was not available. For example:

- On 7 December 2022 Mr R told Skyfire he'd been told the V5 was in his name but his friend was waiting for it to arrive.
- The private sales contract Mr R has provided refers to the V5 document being 'lost'.
- In his complaint form to our Service, he's said one of his friends bought the car – but the V5 was lost, he'd applied for the V5 and was waiting for it to arrive and asked Skyfire to wait until it arrived. I've seen no supporting evidence thus far that Mr R made any such request to Skyfire. Instead, the evidence shows that in February 2023 Mr R was still unable to provide the V5 whilst they looked into his complaint.
- Mr R told our Service on 22 June 2023 that he hadn't had the car for a long time as he'd sold it and can't provide the V5. I'd reasonably have expected that given this complaint was ongoing, he'd have either provided the evidence prior to selling the car

or contacted the party who bought the car to obtain the relevant information.

Skyfire have provided evidence that the car in question was sold on 27 October 2022 and there is no record of a sale on or around the date Mr R says he bought it. Therefore, Mr R's accounts are undermined by the other evidence in this case.

Given the lack of other persuasive, supporting evidence (particularly proof of payment) and the various inconsistencies in Mr R's accounts, I've placed little weight on the private sales contract provided.

Summary

The purpose of this insurance policy was to put Mr R back in the position he'd be in prior to any loss or damage claim (indemnify him).

Skyfire needed to be satisfied that Mr R had an insurable interest in the car. As Skyfire weren't satisfied that Mr R had reasonably shown evidence that he paid for the car, was the owner at the time of policy inception and also failed to satisfy their concerns (when given a very fair opportunity to do so) - I find they've fairly cancelled his policy in line with section 11.7b of his policy terms and it's not something that I'd seek to interfere with.

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 R to accept or reject my decision before 28 December 2023.

Daniel O'Shea
Ombudsman