

The complaint

Mr A complains that Haven Insurance Company Limited declined his claim for his car when it was written off after an accident. He also complains that they cancelled his policy and sold the car at auction without his consent.

What happened

Mr A authorised his sister to speak to Haven about his claim. So some of the calls to Haven have been made by her, on his behalf. For ease throughout this decision, I'm going to refer to all calls and correspondence as being between Mr A and Haven.

Mr A had comprehensive motor insurance for his car with Haven. On 3 February 2021 he crashed his car, having lost control in poor weather conditions and collided with a barrier. There were no other vehicles involved in the accident. The car was recovered and taken to Mr A's home.

He reported the accident to Haven on 5 February 2021. Based on the details Mr A provided about the accident circumstances Haven told him that he was responsible for the accident. He didn't dispute this and confirmed that he wanted to claim for the damage to his car on his policy.

During this initial call Mr A was told that based on the description of the damage to his car he'd provided, it was likely to be a total loss. But Haven needed images of the damage to confirm this.

Haven received images of Mr A's car later in February 2021. These confirmed that there was extensive damage. They instructed their salvage agents to arrange to collect the car. This wasn't possible and Haven had to arrange for the car to be delivered to the salvage agents, by a recovery vehicle.

Having confirmed that the car was a total loss Haven asked Mr A to provide his vehicle documentation, including his vehicle registration document. When this was received it showed that the car wasn't registered in his name. He was asked to explain this and to provide proof that he owned the car. Mr A told Haven that he hadn't been able to register the car in his name after he bought it, as he'd been out of the country visiting a member of his family who was seriously ill.

Mr A told Haven that when he spoke to one of their agents about transferring the ownership of the car into his name, he was told this wasn't necessary, as the car was considered a total loss.

On 14 April 2021 Mr A contacted Haven as he'd received a letter from his broker's saying his policy had been cancelled due to concerns about indemnity. Mr A was told Haven would look into this and get back to him.

The claim was reviewed by Haven on 21 April 2021. By then Mr A had received his new vehicle registration document, showing him as the owner of the car and he'd provided proof of purchase. As Mr A had provided proof of ownership, Haven decided his claim couldn't be

declined on this basis. But they needed to consider the circumstances of the accident before cover could be confirmed. The police had attended the accident and Haven told Mr A they'd need to contact them. Haven applied for a copy of the police report on 29 April 2021.

One of the police officers who'd attended the accident called Haven the following day. He confirmed that the accident happened in heavy rain, so the road was very wet. He told Haven that the car's rear tyres were bald, and he believed this was why Mr A had lost control and his car had skidded. He said that Mr A had been reported for driving with defective tyres and would receive a court summons.

On 6 May 2021 Mr A called Haven for an update on his claim, as he'd heard from his broker's requesting full payment of his outstanding premiums, following the cancellation of his policy. He was told his claim was still being considered and he'd be contacted when Haven had an update.

On 10 May 2021 Mr A called Haven again about the cancellation of his policy and was told he'd need to speak to his broker's, as they'd dealt with that.

Shortly after this Haven wrote to Mr A advising him that they wouldn't be dealing with his claim, as he hadn't maintained his car in a roadworthy condition, which was in breach of the terms and conditions of his policy. Haven also told Mr A that his car had been sold, and although they wouldn't be paying his claim, they'd pay him the salvage value they received for the car.

On 17 May 2021 Mr A's brokers called Haven asking them not to make any payments to him, as he'd only paid the deposit on his policy and hadn't paid any of the agreed monthly premium payments. They said he owed £1261.45. The brokers were going to speak to Mr A about this.

The same day Mr A called Haven about their letter. He disputed their reasons for refusing to deal with his claim and said he's didn't want the salvage value for his car. He wanted his car back. He was told they couldn't return his car and they'd refer the matter to their complaints department.

Mr A spoke to Haven again on 25 May 2021. He was told that they couldn't deal with his claim as he'd been driving with bald tyres, and that decision wasn't going to be changed. But they agreed that they shouldn't have sold the car. Mr A wanted Haven to pay his claim in full to make up for this. He was told they couldn't do this, the salvage value of his car was all he was entitled to receive, and they explained that this was far less than what the car was worth before the accident. Mr A told Haven he was going to get some advice and would contact them again.

Haven sent their final response letter to Mr A on 28 May 2021. This confirmed that due to the damage sustained in the accident, his car was considered a total loss. And that they couldn't deal with his claim, because he was driving with two rear bald tyres, which had led him to lose control of his car and crash. His policy required him to keep his car in a roadworthy condition and he hadn't done this. They said they considered their decision to be correct and were prepared to change it.

But Haven accepted that their salvage agents had sold Mr A's car at auction and that this shouldn't have happened. They couldn't pay his claim to make up for the error, but they could pay him the amount they received for the salvage, £8100, which they said was a fair value for the car, and they offered £200 for the inconvenience he'd suffered.

Mr A wasn't happy with this and complained to our service. Our investigator considered the case and didn't recommend that Haven take any further action. He said that when Mr A took out his policy, he wasn't the owner of the car, and while Mr A might not have intended to mislead Haven, the information he'd provided wasn't accurate. He also felt that Mr A had time, despite having to visit his sick relative overseas, to have the ownership of the car transferred into his name, so he didn't think it was unfair for the policy to be cancelled.

Once Haven had accepted Mr A owned the car and agreed to continue to investigate the claim, they discovered that he'd been driving with two bald tyres. Our investigator accepted that this was in breach of the terms and conditions of his policy and so Haven were entitled to refuse to deal with his claim.

He accepted that Haven's salvage agents shouldn't have sold Mr A's car. But he felt that £8100 received for the vehicle salvage was reasonable. And Haven's offer to pay Mr A this together with £200 for the inconvenience he's suffered was fair.

Mr A didn't accept our investigator's opinion. He's said that he had a valid MOT certificate for his car, he believes his tyres were fine, and didn't cause the accident. He's also said that he's lost around £7000 because Haven sold his car, and if they couldn't return his car, they should pay him what it was worth.

Since our investigator provided his opinion, we've asked Haven to provide confirmation of the pre-accident valuation of Mr A's vehicle, an estimate of the cost of the repairs and the value of the salvage. We've also asked Mr A to confirm what he'd have done with the vehicle had the salvage been returned to him, rather than being sold by Haven.

Haven have provided an estimate and detailed breakdown of the repairs from their engineer's. The cost of repairs totals £27,678.50 inclusive of VAT. Of this figure the cost of parts is £17,858.13 plus VAT. This estimate was based on a review of multiple images of the vehicle provided by the salvage agents. The engineers confirm that the vehicle had multiple areas of damage and that further damage was expected to be found if the vehicle was stripped.

The engineers considered the vehicle to be beyond economic repair and noted that it had been a previous category S total loss in October 2017. They provided a pre-accident valuation for the vehicle of £19,230 from which they deducted 20% as it had been a previous total loss. So their pre-accident valuation was £15,384. And they valued the category S salvage at £2769.12, 18% of the pre-accident value.

Our investigator has sent Mr A copies of the estimate and breakdown provided by Haven's engineer's.

Mr A has told us that he'd have had the vehicle repaired by a local garage that had serviced the car in the past. He says the garage had serviced the car multiple times prior to the accident and could have repaired it for around £4000. And they could have acquired most of the parts second hand for considerably less than the prices quoted by Haven's engineers.

The garage also said that the car wasn't as badly damaged as Haven have claimed. They'd seen the vehicle post-accident and don't accept it was a category S total loss, as they'd measured the structure and the frame and considered these to be within tolerance. This information was provided to our investigator during a telephone conversation with Mr A, who said he was at the garage and asked our investigator to speak to them.

The case has now come 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.

The terms and conditions of Mr A's policy with Haven required him to keep his vehicle in a roadworthy condition. The duties of the policyholder are set out in Section J – General conditions. And the relevant provision is: -

'We will only provide insurance if; -

You and anybody left in charge of Your Car maintain Your Car in an efficient and roadworthy condition and comply with all statutory regulation and Car licensing authority regulations regarding its use, roadworthiness and condition (e.g You must hold a valid MOT certificate and Your Car must have legally correct tyres, lights, brakes etc).

Haven have provided evidence from the police that the two rear tyres of Mr A's vehicle were devoid of thread - bald, and this was the reason he skidded and lost control of his vehicle. And he was reported for having two defective tyres.

Mr A has said that he doesn't agree the vehicle was unroadworthy and he had an MOT certificate. But he hasn't provided any evidence to show that at the time of the accident his rear tyres weren't defective.

So I'm satisfied that Mr A hadn't kept his vehicle in a roadworthy condition as required by the terms and conditions of his policy. And that Haven were entitled to decline to deal with his claim and cancel his policy.

When Mr A first reported the accident, Haven were concerned as the V5 for the vehicle wasn't in his name. This issue was resolved, and Mr A provided proof that he purchased the vehicle on 4 January 2021. I've referred to this, as Mr A has told us that he'd have had the repairs carried out by a garage, who'd serviced the vehicle multiple times prior to the accident. As based on the evidence he's provided Mr A had only owned the vehicle for a month prior to the accident, I don't find this evidence persuasive.

As I've said I believe Haven correctly declined Mr A's claim, so he wasn't entitled to receive payment for the pre-accident value of his vehicle. But Haven accept that they shouldn't have sold the vehicle without getting Mr A's consent. They received £8100 for the salvage and they've offered this to him together with £200 for inconvenience.

Haven's engineer valued the salvage at £2,769.12. The amount received at auction was substantially more than this. Based on the available evidence I'm satisfied that it was fair for Haven to offer Mr A the £8,100 they received for the salvage for his vehicle.

Mr A has said that as Haven accept they shouldn't have sold the vehicle without his consent, they should pay him the full pre-accident valuation, as he's lost around £7000 due to their actions. I don't agree. The reason Haven didn't pay Mr A's claim for his vehicle was because he'd breached his policy terms and conditions. This is the reason the amount he's been offered isn't the pre-accident value.

To consider whether the £200 Haven have offered for the inconvenience he's suffered is fair, I need to consider the impact their actions have had. Mr A has said he wanted to retain the salvage in the vehicle and could have repaired it for around £4000. I'm not persuaded that this is correct. Haven have provided a detailed estimate of over £27,000, for the cost of

repairs. And the engineer who provided this estimate said that further damage was likely to be found when the vehicle was stripped. This would only have increased the cost.

Mr A has said he could have obtained a lot of the parts needed second-hand. And a garage which had serviced the vehicle multiple times before the accident had confirmed that they could do the repairs for around £4000. I'm not persuaded by this. Mr A only bought the vehicle on 4 January 2021, he hadn't changed the V5 into his name because he was out of the country, and the accident happened on 3 February 2021. So based on the evidence I seen I don't accept that the garage knew Mr A's vehicle or the amount they say the repairs would have cost, over the detailed estimate provided by Haven.

I'm persuaded that the cost of the repairs is likely to have substantially exceeded the value of the vehicle. And Mr A is unlikely to have been able to repair it. So I think the £8100 Haven have offered Mr A for the salvage in his vehicle, together with the £200 they offered him for selling the salvage without his agreement is reasonable, and I won't be asking them to do anything more.

My final decision

For the reasons set out above my final decision is that I don't uphold Mr A's complaint about Haven Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 4 May 2022.

Patricia O'Leary
Ombudsman