

## **The complaint**

Mr A complains about how Haven Insurance Company Limited handled his claim made on his commercial motor insurance policy.

## **What happened**

Mr A's car was damaged by a flood and deemed to be beyond economical repair. Mr A made a claim on his policy. Haven initially refused the claim but, after Mr A complained, it wrote to Mr A saying it would accept it. Haven offered a cash settlement for the car. But Mr A didn't receive this letter. He paid for his car to be repaired, but this was unsuccessful. So he sold the car for scrap. Mr A wanted to be compensated for the impact of Haven's actions.

Our Investigator recommended that the complaint should be upheld. He thought Haven's settlement offer of £10,070 for the car was fair and reasonable as it was more than we would recommend. And he thought Haven should deduct the policy excess and the amount Mr A received for the salvage, £1,250. But he also thought Haven should reimburse Haven for the cost of the unsuccessful repairs Mr A had paid for, with interest. This was because he thought Mr A wouldn't have incurred this cost if Haven hadn't refused his claim.

Haven agreed to pay the cash settlement, less the policy's excess and outstanding premiums. It agreed to deduct the salvage amount from this. But it didn't agree to reimburse Mr A for his attempted repairs. It said it wasn't responsible for Mr A not receiving its letter accepting the claim.

## **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.

In its response to Mr A's complaint that Haven had unfairly refused his claim, Haven agreed that it had made a mistake. It said it would accept the claim if Mr A contacted it. I can see that this letter was sent to the address on Mr A's policy. And, from Haven's file, I can see that it also left a voicemail for Mr A to contact it.

Mr A said he didn't receive the letter, and I certainly don't doubt this. But I can't say that Haven made a mistake here as it's not responsible for the postal service. And it did leave the voicemail message as well. But Mr A had already paid for repairs to his car. So I've looked at what happened before Haven sent its letter to Mr A reversing its decision about his claim.

When a business makes a mistake, as Haven accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

Haven agreed to pay Mr A a settlement for the total loss of his car. It offered him £10,070 less the policy excess and outstanding premiums. The Investigator has explained this service's approach to car valuations. We don't provide valuations for cars but look to whether the insurer's offer is reasonable.

In assessing whether a reasonable offer has been made, we obtain valuations from motor-trade guides. These are used for valuing second-hand vehicles. We find these guides to be

particularly persuasive, largely because their valuations are based on nationwide research and likely sales figures. The guides also take into account regional variations. We also take all other available evidence into account, for example, engineer's reports.

Our Investigator thought Haven's settlement offer was fair and reasonable, so I've checked how he came to this conclusion. I can see that he looked for valuations for Mr A's car in the motor trade guides we use. He looked for cars of the same make, model, age, mileage and condition at the date of its loss. The average of the valuations he found was less than Haven's offer. So I agree that it is fair and reasonable.

I also think it's fair and reasonable for Haven to deduct the policy excess from the settlement as this is always the first part of a claim to be paid. And I think it can fairly deduct the outstanding premiums as this is an annual policy and, as there has been a successful claim, it has been used.

Mr A explained that he needed his car for his livelihood. And when Haven rejected his claim he couldn't afford to replace it. And so he tried to have his car repaired. The repair attempts were unsuccessful. But I think it was reasonable for Mr A to try and repair his car. This was due to Haven's initial error in refusing the claim. This decision was later reversed, but the repair invoices provided are dated before Haven's final response.

And so I think the costs Mr A incurred were as a result of Haven's error. So, I think it would be fair for Haven to reimburse these costs. Mr A has been without his money for some time, so I think Haven should reasonably add interest to this amount from the date Mr A paid for the repairs to the date of settlement.

Mr A then sold his car for salvage rather than attempt further repairs. The amount he received for the salvage was £1,250. Haven has agreed to accept this as a deduction for the salvage value it lost. I think that's fair and reasonable in the circumstances.

Mr A has told us that the loss of his car has had serious impacts on his health and well-being. And I was sorry to hear about this. But I think the settlement of his claim and reimbursement of his costs provides sufficient compensation for this impact in his particular circumstances. I don't require Haven to pay any further compensation.

### **Putting things right**

I require Haven Insurance Company Limited to do the following:

1. Pay Mr A £10,070, less deductions for the policy excess, outstanding premiums and £1,250 for the salvage, in settlement of his claim for the loss of his car, as it's already agreed to do.
2. Reimburse Mr A for the repair costs he incurred, subject to the provision of reasonable invoices for these. Interest should be added to this amount at the rate of 8% simple per annum from the date of payment to the date of settlement†.

†If Haven considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr A how much it's taken off. It should also give Mr A a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons given above, my final decision is that I uphold this complaint. I require Haven Insurance Company Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 22 August 2022.

Phillip Berechree  
**Ombudsman**