

## **The complaint**

Mr B complains that Haven Insurance Company Limited haven't paid enough for his van after he claimed on his commercial vehicle insurance policy.

## **What happened**

Mr B's van was stolen so he claimed on his commercial vehicle insurance policy with Haven.

Haven accepted the claim and offered £9,037.5 as the market value of Mr B's van, this was then increased to £10,165. Mr B didn't think this was enough and complained, he said he'd paid around £18,000 for his van a few weeks before. As Haven didn't offer more, he referred his complaint here.

Our investigator reviewed the complaint and recommended it be upheld. He found that the trade guides gave values of £10,165, £12,700 and £15,364, not including VAT. And as Mr B was VAT registered, he didn't think it was fair for Haven to include VAT. So, he recommended Haven increase its offer to £12,743, which was the average of the three guides. He also recommended Haven pay 8% simple interest on the increased amount it pays. However, he noticed Mr B had paid around £2,500 for maintenance on the van and Mr B had added this to what he paid for it when saying it had cost him around £18,000. Our investigator didn't think it was fair for Haven to pay for the maintenance Mr B had done to the van.

Haven didn't respond to our investigator's recommendation. Mr B responded and accepted it. As Haven didn't respond the complaint has come 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.

The terms and conditions of Mr B's policy say that if Haven deem his van a total loss, it will pay him the market value. It defines market value as *"the cost of replacing Your Vehicle with one of similar make, model and specification, taking into account the age, mileage and condition of Your Vehicle."*

Our service doesn't value vans. Instead we check to see that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we tend to use relevant trade guides. I usually find these persuasive as they're based on nationwide research of sales prices.

Haven used one trade guide to value Mr B's van, which gave a value of £10,165. Our service uses more than one guide, so I've looked at the other trade guides we have access to. These provided values of £12,995 and £15,364. Our investigator recommended Haven pays the average of the three value he got which he said is £12,743, and Mr B accepted this as a fair valuation.

Considering Mr B had paid around £2,500 in maintenance of his van, I think it's unlikely Mr B would be able to replace his van with the lowest of the three guides. And as Haven hasn't provided anything to show why it's fair and reasonable to pay the lowest of the three guides. I'm satisfied £12,743, not including VAT, is a fair and reasonable amount for Haven to pay Mr B for his van as it's within the range of the values the guides have given.

As there is a difference between what Haven paid Mr B and the valuation of £12,743, Haven should add 8% simple interest per year to the additional amount it pays. This is to compensate Mr B for not having the money. Haven should calculate this from the date £10,165 was paid until the date it pays the additional amount.

### **My final decision**

For the reasons explained above, my final decision is that I uphold this complaint. I require Haven Insurance Company Limited to pay Mr B £12,743 excluding VAT in settlement of his total loss claim for his van. Haven Insurance Company Limited also needs to add 8% simple interest per year to the additional amount it pays, calculated from the date of the payment of £10,165 until the date it pays the additional amount.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 September 2022.

Alex Newman  
**Ombudsman**