

The complaint

Mr W is unhappy with the settlement he's been given after Haven Insurance Company Limited (Haven) sold his vehicle in error.

What happened

Mr W had an accident in his vehicle and made a claim to Haven, his commercial vehicle insurer.

The vehicle was recovered by Haven and the claim was put on hold until Mr W had been to court surrounding the circumstances of the accident. Haven said that if Mr W was convicted and received a driving ban his claim wouldn't be covered, but if there was no further action, they would deal with the claim.

Ultimately Mr W received a driving ban in court. As his claim wasn't covered, he asked for his vehicle to be returned to him. However, Haven's salvage agent had sold on the damaged vehicle by this point.

Haven offered Mr W £1,650, which was the amount their salvage agent sold the vehicle for, and an additional £200 compensation. Mr W was unhappy with this, as he intended to repair the vehicle for between £500-£1,000, and he believes it was worth in excess of £5,000.

Mr W remained unhappy with Haven and approached this service.

Our investigator didn't uphold the complaint. She said Mr W's claim wasn't covered under his policy, so it was fair for him to receive the amount Haven's salvage agent sold the vehicle for, with £200 compensation added.

Mr W didn't agree and asked for a final decision from an ombudsman.

I issued a provisional decision. I was minded to reach a different outcome to our investigator, so I wanted to give both parties an opportunity to comment on my findings before I reached my final decision.

What I provisionally decided – and why

In my provisional decision, I said:

“I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

I’m issuing a provisional decision. I’ve provisionally reached a different outcome to our investigator, so I wanted to give both parties an opportunity to comment on my findings, before I reach my final decision.

It isn’t in dispute that Mr W’s claim isn’t covered under his policy due to the circumstances surrounding the accident. And it isn’t in dispute that Haven failed to safeguard Mr W’s vehicle and it should have been returned to him, but instead was sold by Haven’s salvage agent. As these points aren’t in dispute, I don’t need to make a decision on these. Instead, I’ll be considering the settlement Mr W has been offered after this by Haven.

Haven offered Mr W £1,650, as this is what they say their salvage agent sold the damaged vehicle for. Our investigator said this amount was fair. But I’m not minded to agree, I’ll explain why.

Mr W made Haven aware that he intended to repair his vehicle, and he estimated this would cost between £500-£1,000 given the damage that it had. He also purchased the vehicle for around £5,000 a few months before the accident and carried out works in excess of £1,000 to it before the accident too. So, Mr W says his vehicle was worth considerably more than the amount the salvage agent sold it for.

Haven’s salvage agent sold the vehicle, which all parties accept shouldn’t have happened. Mr W wouldn’t be entitled to the pre-accident market value as his claim isn’t covered under his policy. However, as Mr W intended to repair his vehicle, at the point the vehicle was sold, it would have been worth whatever was the current actual market value at the time taking into account the damage and the cost of repairs needed.

Therefore, I don’t think it’s fair Haven is only offering what the vehicle was actually sold for, given it was likely sold at auction for what a buyer of scrapped vehicles was willing to pay on that day. I’d only agree this was a fair amount if it was actually sold for the current actual market value taking into account the damage and cost of repairs, but I haven’t seen anything which demonstrates this is the case.

With this in mind, unless anything changes as a result of the responses to my provisional decision, I’m minded to direct Haven to make a settlement offer in line with the actual value of the vehicle, taking into account the damage and cost of repairs. 8% simple interest should also be added to this amount from the date the original settlement was offered, to date of settlement.

To be clear though, this will likely need some discussion between Mr W and Haven to establish a settlement value, based on the appropriate market value and repair costs. So, I'm not asking either party to provide a figure in response to my provisional decision, instead, if my final decision remains the same, I'll be directing Haven as outlined above. If Mr W is ultimately unhappy with the settlement amount offered by Haven, then we may be able to consider that as a new separate complaint.

Haven also gave Mr W £200 compensation for the service he received. And I think that amount is reasonable in the circumstances. So, whilst I'm minded to direct Haven to recalculate the settlement for the vehicle, I don't intend to increase the compensation amount."

Therefore, I was minded to uphold the complaint in part and to direct Haven to make a settlement offer for Mr W's vehicle based on the actual value taking into account the damage and cost of repairs, with 8% simple interest added. And to pay Mr W the £200 compensation offered if it hadn't already.

The responses to my provisional decision

Mr W responded accepting my provisional decision.

Haven responded also accepting my provisional decision.

Haven also said that whilst they noted I said I wouldn't be considering the amount of settlement as part of this complaint, they'd asked their engineers to calculate what that would be.

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.

And I've thought carefully about the conclusions I came to in my provisional decision. Having done so, and as neither party provided anything which would lead me to reach a different outcome, my final decision remains the same, and for the same reasons.

In my provisional decision I said I wasn't looking for Haven to provide the settlement value in response. This is because Haven and Mr W would need to discuss that directly, and Haven may need some information from Mr W to be able to do so. And I said that if Mr W was ultimately unhappy with the offer made by Haven for the settlement, that would be a separate complaint.

In response to my provisional decision, Haven said they'd consulted their engineer to calculate a settlement amount.

However, that isn't something I can decide here, as it isn't part of this complaint. If Mr W accepts my final decision, then Haven should liaise directly with Mr W to make it's offer, and if Mr W remains dissatisfied, then that would be a new, separate, complaint.

My final decision

It's my final decision that I uphold this complaint in part and direct Haven Insurance Company Limited to:

- Make a settlement offer for Mr W's vehicle based on the actual value taking into account the damage and cost of repairs
- Add 8% simple interest from the date of the original settlement offer to date of settlement
- Pay Mr W the £200 compensation already offered (if it hasn't already done so)

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 8 February 2023.

Callum Milne
Ombudsman