

## **The complaint**

Mr F complained about Haven Insurance Company Limited. He isn't happy about the amount it offered in settlement following a claim under his motor insurance policy after his vehicle was stolen.

## **What happened**

Mr F's vehicle was written off after a claim under his commercial motor insurance policy. Haven looked into the claim and wrote his vehicle off as it was beyond economical repair and looked to pay Mr F the market value.

As Mr F wasn't happy about this as he thought his vehicle was worth a lot more than Haven had offered he complained to Haven and then this Service.

Our investigator looked into things for Mr F and upheld his complaint. Although he thought Haven had offered a fair market value for Mr F's vehicle he didn't think it was fair for it not to pay VAT. This was because Mr F wasn't VAT registered and would have to pay VAT for any new vehicle he purchased, so he asked Haven to pay this, plus 8% simple interest and £150 compensation.

Haven didn't agree. It felt Mr F wasn't able to show he paid VAT when he bought the vehicle so it didn't think it would be fair to pay him VAT now. So the matter has been referred to me 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.

Having done so I agree that the complaint should be upheld. I'll explain why.

When looking at valuations placed on vehicles by insurance companies I consider the approach they have adopted and decide whether or not the valuation is fair in all the circumstances. I pay particular attention to the various valuation guides used for valuing vehicles, as well as other evidence provided by both parties.

This evidence might include advertisements for the sale of similar vehicles, but I place a lot less weight on advertisements than on the valuation guides. The condition of the vehicle at the time the theft or damage occurred is also an important factor to consider. I will only order a business to increase its valuation if I consider it is unfair.

Having looked at the valuation guides I can't say the market value Haven offered is unreasonable. Valuing second-hand vehicles is far from an exact science and it isn't my role to value Mr F's vehicle. But Haven has provided evidence of the data it got from the guides which is in line with our investigator's own valuations, so I think the valuation feels fair.

However, although I can understand why Haven doesn't think it should pay VAT I don't think that would lead to a fair outcome in this case or pay the full market value which is what the policy obliges Haven to. I say this as Mr F isn't VAT registered and so would have to pay VAT on any replacement vehicle he bought. So, it feels fair that Haven should pay him a valuation in line with the marketplace he would have to shop in to buy a replacement vehicle. Plus, I know Haven has suggested Mr F *may* have bought his vehicle without paying VAT in the first instance but there simply isn't any evidence of this.

Given all of this, I think the fair and reasonable thing to do, in the particular circumstances of this case is for Haven to pay Mr F the outstanding VAT from the date of claim plus 8% simple interest. I agree it should also pay £150 compensation for the inconvenience caused to Mr F in advancing all this and for the delay.

Finally, I note that Mr F has raised a number of other issues, but they are being advanced separately. This complaint has focussed on the valuation placed on his vehicle in line with the complaint Mr F raised with Haven and it responded to in its final response letter of 14 September 2022.

### **My final decision**

It follows, for the reasons given above, that I uphold this complaint. I require Haven Insurance Company Limited to pay Mr F the VAT owed plus 8% simple interest from the date of claim until the date of settlement. Plus, £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 15 February 2023.

Colin Keegan  
**Ombudsman**