

The complaint

Mrs J complains that Haven Insurance Company Limited mishandled her claim on a taxi insurance policy.

Where I refer to Haven, I refer to the above-named insurance company and I include claims-handlers and others insofar as I hold Haven responsible for their acts or omissions.

What happened

The subject matter of the claim and complaint is a car, first registered in about 2016. Mrs J wanted to insure the car for use as a taxi. For the year from mid-October 2021, she had it insured on a comprehensive taxi policy with Haven.

On 7 December 2021, Mrs J reported to Haven that the taxi had suffered a fire in the engine compartment. On 10 December 2021, Haven collected the taxi. On 17 December 2021, Haven instructed an engineer to inspect the taxi.

On 21 December 2021, the engineer inspected the taxi. On 23 December 2021, the engineer produced an inspection report. It said that *"there was no evidence of any obvious flame damage to the engine and parts or the bonnet sound deadening pad"* and *"there was no obvious wiring damage which could have caught fire"*.

On 12 January 2022, Haven told Mrs J that the engineer had inspected the taxi and Haven declined the claim.

On 13 January 2022, Mrs J collected the taxi and took it to a garage franchised by its manufacturer. By 27 January 2022, the garage had done repairs to the taxi. Its invoice was for about £3,900.00 and mentioned fire damage. Mrs J complained to Haven that it should reimburse the cost of the repairs.

By a final response dated late May 2022, Haven maintained that there had been no flame damage. Haven said that mechanical failure had melted the wiring loom which in turn affected the sensors.

Mrs J asked us to investigate.

Our investigator recommended that the complaint should be upheld in part. He thought that it was fair and reasonable for Haven to rely on the independent engineer's report to decline the claim for fire damage. But he thought that the service could have been better, with avoidable delays before Mrs J was able to return to work as a taxi driver.

He recommended that Haven should pay £200.00 for distress and inconvenience because of the delays and the service.

Haven agreed with the investigator's opinion.

Mrs J disagreed with the investigator's opinion. She asked for an ombudsman to review the complaint. She says, in summary, that:

- Haven did not provide enough evidence to decline her claim.
- Her costs and losses were significantly greater than Haven is offering.
- If Haven had proceeded with the claim in their available time (regardless of the outcome) and released the car to her earlier, her use of the taxi and her income would not have been affected in the busiest time of the year.

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.

As I would expect, the policy covered fire damage, but it excluded the following:

"Loss of or damage to Your Taxi as a result of mechanical, electrical, electronic, computer or software breakdowns, failures, faults or breakages".

From the reports, photographs and invoice, I accept that in December 2021 and January 2022, there was damage to the wiring. And on balance, I'm persuaded that it had been damaged by fire.

However, I consider that Haven has done enough to show that the damage to the taxi had been the result of mechanical failure. So I don't consider that Haven acted unfairly in declining the claim.

The invoice included replacing wiring and the timing belt and sensors. Whilst Mrs J is about £3,900.00 out of pocket, I don't find it fair and reasonable to direct Haven to reimburse her.

The claim was bound to take some time. However, there were times when Haven didn't progress the claim as quickly as it should've done. In particular, there were delays in arranging the inspection and – although she was chasing for updates – further delays in letting Mrs J know that Haven was declining her claim.

I accept that Mrs J wasn't able to drive the taxi for much of December 2021 and January 2022. However, the taxi was at the garage from about 13 January to 27 January 2022, a period of about two weeks. So, even if Haven had declined the claim by say 13 December 2021, I'm not persuaded that Mrs J would've been able to get the taxi repaired in time to drive it in the busy run-up to the holiday period.

In other words, it was the breakdown rather than Haven that caused most of Mrs J's loss of loss of earnings from the use of the taxi. In any event, I consider that Mrs J has fallen short of showing that Haven caused a measurable loss of earnings.

Putting things right

Overall, I consider that the delays and other shortcomings in Haven's service caused Mrs J extra inconvenience and upset at an already difficult time for her. I conclude that £200.00 is fair and reasonable compensation for this.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Haven Insurance Company Limited to pay £200.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 3 March 2023.

Christopher Gilbert

Ombudsman