

## **The complaint**

Mr Z complains, among other things, that Haven Insurance Company Limited (Haven) didn't give him a fair settlement when it decided his car was a total loss and that it delayed in settling his claim on his car insurance policy.

## **What happened**

Mr Z had an accident in his car and made a claim on his car insurance policy with Haven, which it accepted.

Mr Z has a number of complaint points:

- Mr Z says Haven shouldn't have decided his car was a total loss. He says it was under warranty and so should've been repaired. And he says some of the damage to his car was due to mechanical failure or faulty repairs following an earlier insurance claim.
- Mr Z doesn't think the settlement amount Haven gave him is fair.
- Mr Z doesn't think it's fair Haven has treated his claim as a "fault" claim and has turned down his personal injury claim.
- Mr Z says Haven didn't return personal belongings he'd left in his car after the accident.
- Mr Z says there were avoidable delays by Haven in dealing with his claim. He also says he got poor service.

The investigator who looked at Mr Z's complaint upheld part of it. She didn't think Haven's settlement offer to Mr Z was fair. She recommended an increase of £910.25 plus interest. But she didn't think Haven had done anything wrong in deciding Mr Z's car was a total loss or in treating his claim as a "fault" claim. Our investigator also didn't think there was any evidence Mr Z had left any belongings in the car. And she thought there was only one slight delay in Haven dealing with Mr Z's claim, which she noted Haven had apologised to Mr Z for. So our investigator didn't uphold these parts of Mr Z's complaint.

Haven accepted our investigator's findings. Mr Z didn't respond to them and so his complaint came to me. In my provisional decision of 15 February 2023, I explained why I intended to uphold two parts of Mr Z's complaint but didn't intend to uphold the other three parts. Haven has accepted my provisional decision. Mr Z hasn't responded to it. So Mr Z's complaint has now come 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, and for the reasons I gave in my provisional decision, I've decided to uphold two parts of Mr Z's complaint but not to uphold the other three parts. Looking at each of Mr Z's complaint points separately, here's what I said in my provisional decision:

*“Did Haven act fairly and reasonably in deciding Mr Z’s car was a total loss?”*

*I’ll look first at whether Haven acted fairly and reasonably in deciding if Mr Z’s car was a total loss. Mr Z’s car insurance policy says Haven has full control over all claims covered by his policy. This is standard in car insurance policies. It means it’s for Haven – and not Mr Z – to decide if Mr Z’s car was economic to repair or was a total loss. But Haven needed to act fairly and reasonably in making that decision.*

*I can see Haven got an independent assessor to inspect the damage to Mr Z’s car. Its assessment was that the estimated repair costs exceeded the value of Mr Z’s car. I know Mr Z doesn’t think the damage was as significant as the estimated repair costs suggest and also that some of the damage was from mechanical failure or from faults following a previous insurance repair. Mr Z has shown us the engineer’s report on the damage caused to his car in a previous accident. But he hasn’t given us any expert evidence to show mechanical failure or faulty repairs caused the accident that is the subject of his claim with Haven. I can’t attach as much weight to Mr Z’s opinion as I can to Haven’s assessor’s expert opinion. In these circumstances, I think it was fair and reasonable of Haven to rely on its expert’s report to decide Mr Z’s car was a total loss. So, based on what I’ve seen so far, I don’t intend to uphold this part of Mr Z’s complaint.*

*I know Mr Z believes that, because his car was under warranty, it should’ve been repaired. If Mr Z has concerns about how his manufacturer’s warranty works, he will have to raise these directly with the manufacturer. Under the rules of our service, these aren’t issues I can look into.*

*Was Haven’s settlement offer to Mr Z fair and reasonable?*

*I’ll turn next to whether Haven’s settlement offer to Mr Z was fair and reasonable. Mr Z’s policy says that, in settling his claim, it will pay the market value of Mr Z’s car up to the value shown in his insurance schedule after taking off his policy excess of £350. Mr Z’s policy says the market value will be decided by a motor trade guide’s mid-book value. Among other things, it says the car’s condition, mileage and use will also be considered.*

*Haven paid Mr Z £6,250 in settlement of his claim (which included a deduction of £350 for his policy excess). This amount was based on its assessor’s valuation. The assessor used the average between the trade and retail price of one of the motor trade guides to reach a valuation of £6,900. But the assessor also noted £600 worth of damage which he said didn’t relate to the claim. He divided this by two and deducted £300 from the settlement amount for this damage and so reached a figure of £6,600 (from which Haven then deducted Mr Z’s policy excess).*

*Assessing the value of a used car isn’t an exact science. We generally find the valuations given in the main motor trade guides are persuasive. Our investigator got valuations from four of these guides (rather than just the one guide that Haven used). These guides gave an average valuation of £7,810.25. Having looked at each of the four valuations our investigator got, I think an average valuation of £7,810.25 is fair and reasonable. But I think a deduction of £300 to reflect Haven’s expert’s assessment of the pre-accident damage is also fair and reasonable, as is a deduction of £350 for Mr Z’s policy excess. This leaves a settlement amount of £7,160.25.*

*So, based on what I’ve seen so far, I intend to uphold this part of Mr Z’s complaint and direct Haven to pay him an additional £910.25 (plus interest) to settle his claim (that is, the difference between £7,160.25 and £6,250).*

*Was it fair and reasonable of Haven to treat Mr Z’s claim as a “fault” claim?*

*I'll turn next to whether it was fair and reasonable of Haven to treat Mr Z's claim as a "fault" claim. Mr Z says he wasn't at fault for the accident. In records Haven has sent us, Mr Z says the accident happened either when he hit a pothole or when he hit the kerb as he was driving along. As I've already mentioned, Mr Z also says the damage to his car was due either to mechanical failure or previous faulty repairs but, as I've noted, he hasn't given us enough evidence for me to think this is likely.*

*An insurance company can treat a claim as a "fault" claim when it can't get back any of the costs it's paid out to settle the claim from a third party (such as another driver's insurer). Haven hasn't been able to get back any of its costs in Mr Z's case. So I think it's acted fairly and reasonably in treating Mr Z's claim as a "fault" claim. This also means that it's acted fairly and reasonably in turning down Mr Z's personal injury claim.*

*It's for this reason that I don't intend to uphold this part of Mr Z's complaint.*

*Did Haven fail to return Mr Z's personal belongings?*

*Mr Z says Haven didn't return various personal belongings he left in the car following the accident. We asked Mr Z what belongings he'd left. He said he couldn't remember specifically – but recalls things like a work uniform, jewellery, shoes, a sat nav, sunglasses and tools.*

*We also asked Haven what its process was for telling a policyholder to clear personal belongings from a car when it's a total loss. It said its salvage agent would tell a policyholder this in phone calls and, on collection, its salvage agent would get a collection sheet signed by the policyholder. Haven has shown us the collection sheet for Mr Z's car. It hasn't been signed by Mr Z but it does show there were no personal belongings in the car at the time of collection.*

*Mr Z's recollections of what was left behind don't seem certain and Haven's collection sheet suggests there were no personal belongings in the car at the point when it was collected for salvage. The limited evidence I have doesn't persuade me it's more likely than not Haven didn't return Mr Z's personal belongings to him.*

*So, based on what I've seen so far, I don't intend to uphold this part of Mr Z's complaint.*

*Were there avoidable delays by Haven in dealing with Mr Z's claim and was the service it gave of an acceptable standard?*

*The final issue for me to consider is the level of service Haven gave Mr Z. Looking at the timeline of events, there was a delay by Haven in instructing the independent assessor to inspect Mr Z's car (I think its own engineers were unable to decide if it was repairable or a total loss). These instructions weren't sent until around two weeks after Mr Z notified Haven of his claim. It was around ten days after the assessor had given Haven its report before Haven told Mr Z it had decided his car was a total loss. It was then around six weeks later before Haven made Mr Z its settlement offer. It seems that, for at least some of this time, Haven was waiting for information from the police (who'd taken Mr Z's car back to his home after he'd left it in the road following the accident). But there's no evidence Haven gave Mr Z a full explanation for this hold-up when he called chasing for updates. Finally, there was also a delay by Haven in paying Mr Z its settlement offer.*

*From Haven's call records and from what Mr Z has told us, I've no doubt his claims experience was one that caused Mr Z considerable distress, upset and worry. He says, Haven "neglected to correspond with me [to] keep me updated. I was not called once to be*

*given an update but yet every time I called I was informed that they [were] conducting an investigation and consulting the police, which didn't make sense to me because the police had nothing to do with the accident." Haven's delay in finalising Mr Z's claim also meant he was without a car for quite a long time – and he says this meant he couldn't drive to work and had to stay with his mother for months.*

*In these circumstances, based on what I've seen so far, I intend to uphold this part of Mr Z's complaint. I think it's fair and reasonable to direct Haven to pay Mr Z £350 for the distress and inconvenience its handling of his claim has caused him.*

*Mr Z has given us a number of comments about his experiences with Haven and I'd like him to know I've looked at all of them in reaching the provisional conclusions I've set out in this provisional decision."*

As I've mentioned, Mr Z hasn't responded to my provisional decision, while Haven has accepted it. Having looked at everything again, I see no reason to alter the conclusions I set out in my provisional decision, which now form part of this final decision.

### **My final decision**

For the reasons given in my provisional decision, I uphold Mr Z's complaint in part and direct Haven Insurance Company Limited to:

- Pay an additional amount of £910.25 to settle Mr Z's claim on his car insurance policy. Haven must also pay simple interest on this additional amount at the rate of 8% a year from the date of its initial settlement of Mr Z's claim (which I believe was on or around 3 August 2021) until the date of payment; and
- Pay Mr Z £350 for the distress and inconvenience its handling of his claim has caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 26 April 2023.

Jane Gallacher  
**Ombudsman**