

## **The complaint**

Ms W complains about how Haven Insurance Company Limited has dealt with two claims made on her motor insurance policy.

## **What happened**

Ms W was unhappy with the settlement Haven offered her when car 1 was written off. She wants this increased. Ms W was also unhappy because Haven declined her claim for car 2. It said the damage to the car was caused by mechanical breakdown and this was excluded from cover.

Our Investigator recommended that the complaint should be upheld in part. He thought Haven's valuation for car 1 was too low and this should be increased by £574, in keeping with our approach. But he thought Haven had reasonably relied on an engineer's report to decide that the damage to car 2 was caused by mechanical failure and not by fire. And he thought this was excluded from cover by the policy. So he thought Haven had fairly declined the claim.

Haven agreed with the Investigator's view. Ms W said she had seen smoke coming from her car and so she wanted her claim paid. Ms W asked for an Ombudsman's review, so her complaint has 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.

I can understand that Ms W wants a fair settlement for the loss of car 1. She said she wanted £1,500. Haven had valued her car at £1,152, less the £550 policy excess. I can see that Ms W's policy provides for the car's market value in the case of its total loss.

The Investigator has explained this service's approach to car valuations. We don't provide valuations for cars but look to whether the insurer's offer is reasonable.

In assessing whether a reasonable offer has been made, we obtain valuations from motor-trade guides. These are used for valuing second hand vehicles. We find these guides to be particularly persuasive, largely because their valuations are based on nationwide research and likely sales figures. The guides also take into account regional variations. We also take all other available evidence into account, for example, engineer's reports.

Our Investigator thought Haven's offer was too low. So I've checked how he came to this conclusion. I can see that he looked in four of the motor trade guides we use for cars of the same make, model, age, mileage and condition as Ms W's car at the date of its loss. He found three valuations and took an average of these. The car had been a previous total loss and, in keeping with our approach, he made a deduction of 20% for this to reach £1,726 before the deduction of the policy excess.

So he thought Haven should increase its settlement offer by £574 with interest as Ms W has been without her money for some time. I think that's fair and reasonable as the valuation

was made correctly in keeping with our approach and Ms W has been without her money for some time. I can see that Haven has agreed to pay this increase and the interest.

Ms W also wanted compensation for Haven initially declining this claim. But I'm satisfied Haven has already explained that it couldn't deal with the claim whilst Ms W was threatened with court action by the police for drink driving. When this was dismissed, Haven then dealt with her claim. And so I can't see that Haven did anything wrong that merits compensation.

Ms W was unhappy that Haven had declined her claim for car 2. Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably.

Haven relied on a policy exclusion to decline the claim. As stated on page 15 of the policy booklet, the policy doesn't cover:

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

I think this is a common exclusion in motor insurance policies and I don't find it unusual. And I'm satisfied that it was sufficiently drawn to Ms W's attention in the policy wording for Haven to rely on it to decline a claim.

Ms W said she had seen smoke coming from the car and she had called her mechanic who had put the fire out. Haven instructed an independent engineer to assess the car. He said there were no signs of a fire or a short circuit. He said the engine had seized. Haven said this was a mechanical failure and so it was excluded from cover.

I haven't seen any further expert evidence to counter the engineer's report. So I think Haven reasonably relied on it to decline the claim. I can't say that it did anything wrong in this.

### **Putting things right**

I require Haven Insurance Company Limited to pay Ms W £574 more in settlement of her claim for the loss of her car. Interest should be added to this amount at the rate of 8% simple per annum from the date of the initial settlement to the date of final payment.

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

### **My final decision**

For the reasons given above, I uphold this complaint in part. I require Haven Insurance Company Limited to carry out the redress set out above, as it's already agreed to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 12 July 2023.

Phillip Berechree  
**Ombudsman**