

## The complaint

Mr M complains about Haven Insurance Company Limited's ("Haven") valuation of his car following a claim under his car insurance. He also complains about the repairs carried out following a previous claim and about the price he has been paying for his insurance.

## What happened

Mr M was involved in a car accident which he reported to Haven. Mr M's car was declared a total loss and Haven assessed the pre-accident valuation at £4,365. As there was existing finance on Mr M's car, £2,315.81 of the settlement was sent to the finance company and, after deducting the excess, the remaining £1,549.19 was sent to Mr M.

Mr M felt the valuation wasn't fair, so he complained. Haven responded and explained their engineer had taken into account pre-existing damage to Mr M's car and their valuation was reasonable. Mr M also raised a complaint about repairs carried out by Haven following a previous claim, and this is why his car had damage prior to the more recent claim. Haven explained, when they handled the previous claim, the damage linked to the accident related to the passenger side – which they repaired. They explained the damage to the driver's side wasn't linked so they were correct in not repairing this. Mr M also complained about the price of his policy for the last few years and Haven explained these were rated and priced correctly.

After considering all of the evidence, I issued a provisional decision on this complaint to Mr M and Haven on 14 April 2023. In my provisional decision I said as follows:

### *"Car valuation*

*My starting point is Mr M's car insurance policy document. This sets out the terms and conditions and says, if Haven decide a car is beyond economical repair, they'll settle the claim by paying the market value of the car. The policy defines market value as "The cost of replacing your car with one of similar make, model and specification, taking into account the age, mileage and condition of your car. To determine the market value, we will typically request the advice of an engineer and refer to guides and any other relevant sources." The dispute here relates to the valuation, so the next point I've considered is whether Haven acted fairly when carrying out their valuation.*

*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 of likely selling prices. The guides refer to advertised and auction prices to work out what the likely selling price for the same vehicle would be. This takes into account all the specifications of the vehicle as well as any extras and the mileage.*

*Mr M is unhappy with Haven's valuation of his car as he thinks it's worth more. I've seen that Haven reached their figure by using an industry recognised tool to find out*

*the market value of the car. I can see the engineer instructed by Haven used Glass's to arrive at a valuation of £5,050 but, having taken into account the pre-existing damage, they reduced the valuation by £685, therefore arriving at a valuation of £4,365.*

*I can see our investigator looked at four motor guides to get their valuation for Mr M's car at the time of the incident. I can see this took into account the make, model, age, mileage and specification. Using CAP the market value given was £5,425, Glass's gave a figure of £5,070, Cazoo was £5,815 and AutoTrader was £5,580. Taking these figures into account, the average is £5,472.50.*

*Given that the difference between this valuation and what Mr M received is £422.50, I don't believe, in the circumstances of this case, Mr M received a fair settlement. I say this because Haven only used one motor-trade guide – and in this case it produced the lowest valuation when compared with the other three guides. It's not the role of this service to put an exact value on a car. When looking into these types of complaints we check the relevant trade guides and consider whether the insurer has made a reasonable offer in line with them. It's our role to make sure Haven is giving Mr M a fair price using a fair and recognised approach.*

*In this case, I can't say that has happened here as Haven's valuation relied on only one guide – and that's the guide which, based on the valuations obtained by our investigator, produced the lowest valuation. Haven haven't provided any information to explain why the other three trade guides weren't used so I don't think they've followed a fair approach here. And given this has then led to what I believe is a fairly significant reduction in the amount paid to Mr M, I don't think Mr M has received a fair price. Based on the information provided about Mr M's car and using the trade guides, I don't think Haven have carried out a fair valuation. After making deductions from the settlement amount, Haven have already paid Mr M £1,549.19, so they should pay Mr M £422.50 together with 8% simple interest from the date of loss to the date of settlement.*

*I do acknowledge a significant proportion of the claim settlement went to the finance company and Mr M says this has left him in a position where it's difficult to find another car. I do acknowledge Mr M's concern here, but I can't say Haven have acted unfairly here.*

*The terms and conditions of Mr M's policy says, if a car is bought under finance, then any settlement made will be used to pay any sums owed to a lender. So, while I do acknowledge the impact this has had on Mr M's ability to buy another car, Haven have acted reasonably and in line with the terms and conditions of the policy.*

#### *Repairs following previous claim*

*I can see Mr M was involved in an accident separate to the one which led to his car being declared a write-off. Haven carried out repairs to Mr M's car, but he feels they didn't repair all damage sustained as a result of that earlier accident.*

*Mr M says the damage which wasn't repaired led to Haven deducting the sum of £685 for pre-existing damage from his claim settlement. Haven say they assessed Mr M's car at the time and the repairs they carried out were limited to all damage sustained as a result of that earlier accident.*

*Haven have provided information relating to the previous claim and this shows, when Mr M first reported the accident, he explained the circumstances and described the damage as being to the rear passenger side of his car. The notes show Mr M later*

*claimed the damage was to the driver's side and the garage had repaired the wrong side. The information I've seen shows Mr M explained the damage was to the passenger side and the repair invoice from the garage supports this as it sets out the damage and the repairs they carried out. Images provided by Haven also show there is damage to the passenger side of the car. And given the accident circumstances described by Mr M, I don't think it was unreasonable for Haven to take the view that the accident wouldn't have caused any damage to the driver's side of Mr M's car. So, while I acknowledge it was frustrating for Mr M to have a deduction applied to his claim settlement for pre-existing damage, I don't think it was unreasonable for Haven not to have carried out repairs to the driver's side as part of Mr M's previous claim.*

### *Pricing*

*I understand Mr M is concerned about the price of his premiums over the last few years – he feels the premiums have unfairly increased over this period of time.*

*The role of this service when looking at complaints about insurance pricing isn't to tell a business what they should charge or to determine a price for the insurance they offer. This is a commercial judgement and for them to decide. But we can look to see whether we agree a consumer has been treated fairly – so is there anything which demonstrates they've been treated differently or less favourably. If we think someone has been treated unfairly, we can set out what we think is right to address this unfairness.*

*Haven have provided information showing the prices they've charged Mr M since 2017 and the factors which have affected the price. In the three policy years between 2017 to 2020, I can see the price Mr M was charged reduced each year. There is a price increase in policy year 2021/2022 but there is a key factor which has affected the price here. It's a different car which was insured, and Haven say this presented a totally different risk. So this would, understandably, lead to different risk ratings when compared to Mr M's previous car. Taking into account the information I've seen, I don't think Haven have treated Mr M unfairly here."*

So, subject to any further comments from Mr M or Haven, my provisional decision was that I was minded to uphold this complaint and require Haven to increase their settlement offer.

Following my provisional decision, Haven have responded to say they accept the decision. Mr M has responded and says the settlement is too low and wants Haven to buy him the same car. He also feels he should've been given a choice as to whether he wanted his car back. Given that both parties have responded, I see no reason to delay making 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 see no reason to depart from my provisional decision. So, I've decided to uphold the complaint for the reasons set out in my provisional decision and copied above.

I acknowledge Mr M's point about Haven finding him a car for the settlement offered, but the terms and conditions of Mr M's policy says, where they consider the car to be beyond economical repair, they'll pay the market value of the car. So, by paying the additional £422.50, I'm satisfied Haven will be paying the market value – and this is in line with the terms and conditions. I do acknowledge Mr M says it's difficult to find a similar car with the

settlement amount he's left with, but this is down to Haven having to settle the finance on the car. The requirement to settle the finance is set out in the terms and conditions so I can't say Haven have acted unreasonably here.

Mr M says he should've been given a choice on whether he wanted his car back. I can see Mr M did ask Haven about the possibility of buying his car back but was informed at the time that they weren't able to authorise this as the car still had finance on it. So, I can't say Haven have acted unreasonably here. Once the finance was cleared and the settlement paid, I can't see Mr M raised this again with Haven. If Mr M does still wish to proceed with buying his car back, he will need to raise this with Haven.

### **Putting things right**

I've taken the view that Haven haven't carried out a fair valuation of Mr M's car. So, Haven should pay Mr M £422.50 together with 8% simple interest from the date of loss to the date of settlement. Haven should provide Mr M with a certificate showing any taxation deducted.

### **My final decision**

My final decision is that I uphold the complaint. Haven Insurance Company Limited must take the steps in accordance with what I've said under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 June 2023.

Paviter Dhaddy  
**Ombudsman**