

The complaint

Mr D has complained about the amount Haven Insurance Company Limited paid in settlement of a claim he made under his commercial motor insurance (Taxi) policy.

What happened

The details of this complaint are well known to both parties, so I will not repeat them again in full detail here. But to briefly summarise, Mr D is unhappy with the valuation placed on his taxi following a total loss claim under his policy.

Our investigator didn't think Mr D's claim should be upheld. She said Haven had reached its valuation using the same recognised motor industry trade guides our service typically relies on when assessing complaints about motor valuations. She said the amount Haven paid was higher than the average valuation from the guides it checked. So, she thought it had reached a fair valuation.

Mr D didn't accept our investigator's findings. So, as no agreement had been reached, the complaint was passed to me to decide.

I was minded to reach a slightly different outcome to that reached by our investigator, and for different reasons. So I issued a provisional decision to give the parties the chance to respond, before I reached a final decision. Here's what I said in my provisional decision:

“What I've provisionally 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'm minded to reach a slightly different outcome to that reached by our investigator, and for different reasons. So, I'm issuing a provisional decision to give the parties the chance to respond, before I reach a final decision. I'll explain my reasoning below.

Mr D has complained that the valuation placed on his taxi by Haven, £32,310, is too low. He says he had numerous optional extras on his taxi which haven't been properly taken into account. He says he paid around £37,000 for his taxi, and similar cars available in the market now cost around £35,000.

Mr D has also raised concerns about the length of time the claim took to be settled and the impact this had on his ability to work. However, having spoken with him, he explained that he doesn't want to provide evidence of lost earnings. He said he just wants a decision from our service on a fair valuation for his taxi.

I can appreciate Mr D's desire to be covered for the amount he purchased his car for. But his policy doesn't provide that level of cover. Rather, it covers him for the market value of his taxi, at the time of loss – which is fairly standard within the motor insurance industry.

Market value is defined in the policy as:

“Market Value

The Market Value of Your Taxi will be determined as the cost of the replacing Your Taxi with one of similar make, model and specification, taking into account the age, mileage and condition of Your Taxi. To determine the Market Value, We will typically request the advice of an engineer and refer to guides and any other relevant sources.”

Haven initially deemed the market value of Mr D's car to be £30,580. But this was later increased to £32,310 following a review from one of its engineers. Haven says this engineer's review included the optional extras Mr D had on his car.

Haven says the valuations it used to reach the initial figure of £30,580 were from Glass's – one of the recognised motor industry guides for obtaining motor valuations. Haven took the average of the “transacted” and “retail transacted” figures which were as follows:

- *Glass's transacted – £28,990*
- *Glass's retail transacted – £32,170*

Haven also says it obtained a valuation from CAP – another of the guides – which was £29,250.

Haven's engineer then says he added the optional extras into Glass's which increased the valuation to £32,310 – which is the amount it eventually paid in settlement of Mr D's claim, less the policy excess and outstanding premiums.

However, Haven hasn't provided our service with actual evidence of the valuation it obtained from Glass's which included the optional extras. And it appears to have used the wrong date of loss to obtain the valuation from CAP – which can impact the valuation. So, I've obtained my own valuations from all of the motor trade guides our service typically uses when assessing complaints about motor valuations. Not all of the guides we use are able to take account of optional extras. But one of them is, and that is included in the results of my valuations below:

- *Glass's: £32,170*
- *CAP (inc optional extras): £31,060*
- *Cazoo (formerly Cazana): £30,436*
- *AutoTrader: £31,052*

Based on the above, I'm satisfied that the valuation placed on Mr D's taxi by Haven is in line with the valuations provided by the trade guides, and that it most likely took into account the optional extras.

As explained by our investigator, our service's typical approach when considering complaints about fair market value takes into account what the market leading motor trade guides say the market value is. These guides are independent from the insurance industry, and from one another. 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're confident these guides give a good reflection of the true market value of a vehicle.

I should also point out that our service typically finds these motor trade guides to be more persuasive than sales adverts. This is because advertised prices are often the starting point of a negotiation and are what the seller would like to achieve, rather than the final price the vehicle actually sells for. It's also particularly important to note, in this case, that the adverts provided by Mr D are for cars with lower mileage or slightly different specifications than his car, which is also likely to have an impact on the advertised price.

So, based on everything I've seen, I'm not intending to uphold Mr D's complaint about the valuation placed on his taxi.

However, despite Mr D not wishing to proceed with a complaint about his lost earnings, our service does have an inquisitorial remit. And I don't feel I can reasonably ignore the fact that Haven caused some unreasonable delays which meant Mr D was without the use of his taxi – his sole source of income – for longer than he ought to have been.

In its final response to Mr D's complaint, Haven acknowledged that the claim took two months to be settled, but said the claim was ultimately worked in line with its expectations and was actively moved forward when touched by its claim handlers. But from what I've seen, there were around four weeks of unnecessary delay; three weeks while waiting for the engineer to assess the valuation and one week between the final figure being agreed and actually being paid. Haven sold Mr D a specialist taxi policy, so it was clearly aware that his car was also his source of income. And I note that Mr D was calling regularly, stressing the importance of the claim being dealt with promptly. So, in the circumstances, I don't agree that the above are reasonable timescales.

Mr D has said he doesn't want to provide evidence of lost earnings, so I won't be able to consider an award for this. But our service's typical approach where a policyholder is without their vehicle because of delays caused by the insurer also includes compensation for loss of use. Had Haven, or its agents, not caused these delays, I find it more likely than not that Mr D would have been able to replace his car that much sooner. So, in the particular circumstances of this complaint, I consider that compensation for loss of use should reasonably be paid. And as Mr D's policy is a commercial policy, I consider that a fair amount of compensation for loss of use would be £20 per day."

I said I was intending to direct Haven to pay Mr D £560 to cover the four weeks loss of use I thought it was responsible for, in order to resolve the complaint. I asked both sides to provide any further comments or evidence they wanted me to consider before I reached my final decision.

Both sides responded to confirm they accepted my provisional conclusions.

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.

In the absence of any new evidence or arguments in response to my provisional decision, I've reached the same conclusions set out in that decision – for the same reasons.

My final decision

For the reasons set out above, and in my provisional decision, I uphold Mr D's complaint in part.

Haven Insurance Company Limited must Pay Mr D loss of use at £20 per day for a four-week period which amounts to £560.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 2 June 2023.

Adam Golding
Ombudsman