

## **The complaint**

Mr P has complained about the way Haven Insurance Company Limited dealt with a claim made under his car insurance policy.

## **What happened**

In April 2021 Mr P was involved in an incident with another vehicle and he reported it to his insurer, Haven. Mr P's car was worth less than the amount he owed for the yearly premium and the excess due under the policy. In May 2021 Mr P withdrew his claim. But as the third party insurer (TPI) pursued a claim for the other driver's losses, Haven defended the claim as it obliged to do.

In April 2022 the TPI withdrew their claim before a planned court hearing date and Haven closed the claim. But Haven didn't tell Mr P. He attended court in June 2022 as required and this was when he discovered the claim had been withdrawn.

Mr P complained to Haven. He said it hadn't properly dealt with the claim and hadn't kept him updated. He was unhappy that Haven hadn't obtained CCTV footage of the incident. He wanted to make a claim for his losses against the TPI.

In December 2022 Haven said that despite its best efforts, it was unable to obtain CCTV information from the local council. Haven said solicitors acting on its behalf emailed it in April 2022 to advise the claim had been withdrawn. Haven updated the claim and closed it. But it didn't inform Mr P. It said this was because Mr P wasn't making a claim for his losses as Mr P withdrew his claim in May 2021.

Although it said it had relayed some misinformation to Mr P when he called for an update in June 2022, Haven said it had correctly handled the claim. But it accepted it could have been more proactive in updating Mr P when the solicitors advised the claim by the TPI had been withdrawn.

Haven said it was chasing the TPI to settle Mr P's total loss claim.

Mr P remained unhappy and asked us to look at his complaint. He told us he was paying a higher premium as a result of the impact on his No Claims Bonus (NCB). He wanted Haven to refund the premium difference he's paid since the renewal date of the policy in 2022.

Mr P told us that Haven had refused to provide proof of his NCB as he had cancelled his policy. But Mr P says he didn't cancel it, he chose not to renew it.

Our Investigator thought Haven should have been more proactive in its handling of the claim. She thought Haven had caused a delay in requesting CCTV which might have helped Mr P to claim directly against the TPI for his losses. She thought Haven had failed to keep Mr P updated on the claim over a considerable period of time. The Investigator could see that Haven had recorded on a central database that Mr P's NCB had been allowed, so not impacted by the claim while it was open.

She recommended Haven pay Mr P £400 compensation for the distress and inconvenience its delay and poor service caused.

Haven accepted the Investigator's view. Mr P didn't agree. He said the amount of £400 doesn't cover the increase in premium he has had to pay as a result of Haven's handling of the claim and its refusal to provide him with proof of his NCB, which he says should be for 4 years. He said he had to borrow money to pay for his insurance from his family.

Our Investigator explained that Mr P's complaint about not being provided with the correct NCB proof are new complaints which Mr P could raise with Haven first.

As Mr P didn't agree, the case has been passed to me to decide.

### **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.

Being involved in an incident and having to make a claim can be a stressful experience. An insurer should properly investigate a claim and keep a customer updated. It should proactively look to resolve the claim as soon as possible.

Where liability is disputed - as in this case - it can take longer to settle a claim, particularly if the matter proceeds to a court hearing.

When a claim is made, irrespective of who is deemed to be at fault, the excess and the balance of the yearly premium is due. This is because the excess is the first payment under the claim, and where an insurer has met its obligations to deal with a claim under the policy - or provided insurance for the duration of the policy term - the premium is due.

While a claim is open, it is usual in the insurance industry for the claim to be recorded as a 'fault' claim until it is closed - either as a 'fault' or 'non-fault' claim. These terms are used to classify on a central database (which most insurers use to record claims) where it has been able to recover the costs of the claim or not. So it doesn't necessarily mean the insurer finds their policyholder at fault for an incident - but it may not have been able to recover all of the costs of the claim. And where this happens, this can have an impact on a policyholder's NCB. If a customer's NCB has been allowed, it means it hasn't been impacted by the recording of the claim.

In this case, the other driver said Mr P was at fault for the incident. Mr P said the other driver was. On 5 May 2021 Haven requested CCTV footage from the local council. The local council replied on 6 May 2021, asking for a more precise location. Haven didn't respond until 20 May 2021. As the incident took place on 18 April 2021, when the local council replied, it said it no longer held any CCTV coverage for that date.

Insurers are aware that CCTV footage is generally kept by third parties for around a month, so it is evidence that needs to be asked for promptly. While I can't safely conclude as to whether the footage would have made a difference to the outcome, I think Haven didn't do enough to obtain the footage.

It isn't clear to me as to whether the solicitor or Haven was responsible for notifying Mr P that he no longer needed to attend court - as I don't know what the solicitors communicated to Haven in April 2022. But I think Haven as his insurer should have updated Mr P when it closed the claim in April 2022. This would have alerted Mr P to the fact that he no longer needed to attend court.

When Mr P discovered Haven had closed the claim, in June 2022 he asked about making a claim for his losses. Haven advised Mr P that he could make a claim directly to the third party - outside of making a claim against his policy. It provided a copy of its engineer's total loss report to the TPI on behalf of Mr P. It advised Mr P that it intended to close the claim on a joint liability basis - but then said it would close the claim on a non-fault basis.

I think Haven could have been clearer in its communication with Mr P about the claim. Its records show it has opened and closed the claim several times. It isn't clear to me as to why - given that from the outset Mr P's losses were less than what he would need to pay if he claimed under the policy. So the only alternative - irrespective of the outcome of the court hearing - was for him to consider claiming directly for any losses from the TPI. I think if Haven had been clearer in its communication as to the options open to Mr P sooner, this would have reduced the distress, inconvenience and confusion caused.

I think it's important to say that there is no guarantee of success in recovering any losses Mr P wishes to claim for - either directly or indirectly from the other driver and their insurer - even if Haven had properly handled the claim.

But I think Haven provided a poor service in its handling of the claim and this was unreasonable. For this - and the length of time it has taken - I think it should pay Mr P £400 compensation.

Haven has told us that it will absorb the solicitor's costs for the claim; so these will not be recorded as costs under the claim against Mr P on a central database. And when it closes the claim, Haven said it will ensure the central database will show the claim as a 'non-fault' notification only. This means Mr P's NCB will not be impacted by the notification - as no costs have been recorded against the claim. I think this is fair and reasonable. To treat Mr P fairly and as it would any other customer in the same circumstances, Haven should provide Mr P with a letter confirming it has closed the claim on this basis when it does so. As things stand, I see no reason why Mr P's claim remains open on the central database - as Haven has confirmed how it intends to close the claim - so there is nothing preventing Haven from doing this now.

If Mr P believes he has paid a higher premium under a subsequent insurance policy because Haven hasn't correctly recorded the number of years NCB he has earned, he will need to raise this with Haven - or the broker - first. I can see from Haven's notes that on 7 June 2022 Mr P's mother called to ask for a refund of premiums for Mr P. Haven advised that Mr P would need to contact his broker about the premium he has paid for insurance.

### **My final decision**

For the reasons I've given above, my final decision is that I uphold this complaint. I require Haven Insurance Company Limited to pay Mr P £400 compensation for the distress and inconvenience caused by its poor handling of the claim.

Haven Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it Mr P accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 17 October 2023.

Geraldine Newbold  
**Ombudsman**