

## **The complaint**

Mr R complains about Haven Insurance Company Limited's handling of a claim made after his car was involved in an accident and written off.

## **What happened**

The background to this complaint is well known to both parties, so I'll provide only a brief summary here.

In short, Mr R had car insurance underwritten by Haven and made a claim after he was involved in an accident.

Haven accepted the claim and decided the car was beyond economical repair and would be written off. They initially said the car would be valued at around £7,500 but then reduced that and eventually valued the car at around £5,900.

Mr R wasn't happy with this and made a complaint to Haven. And when they maintained their position, he brought his complaint to us.

Our investigator looked into it and thought Haven's final valuation was too low based on the car's actual mileage. He raised this with Haven, who agreed to increase their settlement offer to £6,365.67. That new figure was an average of three motor industry trade guide valuations.

Our investigator thought that new offer was fair. But Mr R disagreed and asked for a final decision from an ombudsman. He wants Haven to pay the amount – around £7,500 – they'd mentioned right at the outset. He says he can't replace his car with the amount now offered.

Because I disagreed with our investigator about the outcome of the complaint – and whether Mr R should be paid interest on the settlement and compensation – I issued a provisional decision.

That allowed both Mr R and Haven the chance to provide further information and evidence and/or to comment on my thinking before I issue my final decision on this complaint.

## **My provisional decision**

In my provisional decision, I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

First of all, I'm satisfied that the latest valuation of the car offered by Haven is fair and reasonable. It's the average of the valuations given by three reliable motor industry trade guides.

Mr R is looking at advertisements of similar cars for sale and thinks his car is undervalued. We take the view that the recognised trade guides provide a more

reliable valuation than advertisements. The guides reflect the prices actually paid for cars in the current market, rather than the price the seller might hope for when they advertise a car for sale.

The latest settlement offer is based on an average of trade guide prices, and we think that's a fair and reasonable way for insurers to value cars that have been written off.

However, Haven offered that valuation of Mr R's car only after Mr R had complained to us. Indeed, it was only our investigator's re-evaluation of the trade guide prices which prompted Haven to agree to increase the valuation of the car.

That being the case, Mr R's complaint should be upheld, according to the Financial Conduct Authority's rules - the dispute resolution (or DISP) rules – which govern the way our service operates. In essence, Haven did not resolve Mr R's complaint to his satisfaction, and he had to bring it to us to get a fair and reasonable outcome.

Because I'm upholding the complaint, that opens up the questions whether Mr R should be paid interest on the settlement which Haven will eventually pay to him and whether he should be compensated for his trouble and upset.

It's my current view, unless any further information or comment from either party changes my mind, that the claim should have been settled - with the car valued at the valuation Haven have now agreed is accurate – in a timely fashion in response to Mr R's original claim, which he made on 21 July 2022.

There was confusion initially about the mileage of the car, but the claim notes show this was resolved – with a report from the engineer who inspected the car – in early August 2022.

It's not unreasonable to suggest then that Haven should have paid Mr R a settlement based on the correct valuation of the car by the end of August 2022 at the latest. Mr R has in effect been deprived of that money from the end of August 2022 onwards.

It appears – again from the claim notes - that Haven may have made an interim payment to Mr R at around that point, but I'd be grateful if, in response to his provisional decision, Haven can clarify exactly what they've paid to Mr R and when.

In principle, I'm minded to ask Haven to pay interest at 8% simple on any part (or parts) of the final settlement (the £6,365.67 which Haven have now agreed to pay) which were or are paid over to Mr R after 31 August 2022. That interest being calculated from 31 August 2022 to whatever date the payment was or is actually paid.

Again, if either Haven or Mr R disagree with what I'm proposing in terms of the interest, they can tell me why – and give me any information or evidence to support their position – in response to this provisional decision.

I'm also minded to require Haven to pay Mr R £150 in compensation for the trouble and upset he's experienced as a result of their errors in failing to settle his claim fairly and reasonably in a timely manner.

Mr R has been inconvenienced by Haven's failure to settle his claim appropriately and he's had to contact them on several occasions for explanations about the settlements he's been offered. The experience of not having the claim settled over a

considerable period has also been stressful and worrying for Mr R.”

### **The responses to my provisional decision**

Haven responded to my provisional decision simply to say that they had nothing further to add.

Mr R responded to say he agreed with my position on the interest and compensation. But he asked if Haven should therefore also be required to pay interest on a refund they'd paid to him after they overcharged him on his insurance premiums.

He also said he wanted a breakdown from Haven of what they'd paid out on the claim and why. He was particularly interested in what excess fees had been subtracted from his payment and in what amount had been subtracted for unpaid (as yet) premiums.

Mr R was also concerned about the fact that Haven hadn't offered to provide insurance cover for his new car.

### **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.

Nothing Haven or Mr R has said has caused me to change my mind about the proposed outcome in this case.

I still think the complaint should be upheld and that Mr R should receive interest on the settlement when it is eventually completely paid – and compensation for his trouble and upset.

Mr R has raised a number of issues in response to my provisional decision which weren't raised in his original complaint to Haven.

For that reason, I can't consider them as part of the decision on *this* complaint. If Mr R has any remaining issues with Haven, he will need to raise a new complaint with them. He'd then be entitled to bring his complaint to us if he isn't satisfied with Haven's response.

To avoid wasting Mr R's time – as well as Haven's and ours, I'd ask Mr R to take into account the following before he makes any further complaint.

One, if Haven did overcharge Mr R and then refund him at any point – as he says they did – they may choose to offer him interest on that refund.

But in most circumstances, we might be unlikely to require them to do so if there were any legitimate explanation for the overcharging (like not having complete information at the time, for example) and/or if the period between the overcharging and the refund was relatively short.

Two, very broadly Haven are entitled to accept or reject applications for insurance cover from potential customers based on their own criteria. There are many insurers in the market. They all have different criteria for accepting business and for setting premiums.

If Haven have declined to offer to provide cover for Mr R's new vehicle, based on their own criteria – which might, for example, reject applications from potential customers with a certain number of previous claims – then we are very unlikely to interfere with that.

I would also ask Mr R to understand that his premiums in future will almost undoubtedly be higher than they might otherwise have been because he has this particular fault claim on his record.

It might also save time if, when they pay the remaining settlement to Mr R, Haven *do* provide him – as he's requested – with a breakdown of the payment. This should include, at the very least: the valuation of the car; any excess fees; any other charges subtracted from the overall payment; and any remaining premium payments taken from the overall settlement figure.

### **Putting things right**

As I've said, nothing Mr R or Haven has said in response to my provisional decision has changed my mind about the way this complaint should be resolved.

I'm going to uphold the complaint. And I'm going to require Haven to pay interest at 8% simple on any part (or parts) of the final settlement (the £6,365.67 which Haven have now agreed to pay) which were or are paid over to Mr R after 31 August 2022. That interest being calculated from 31 August 2022 to whatever date the payment was or is actually paid.

I'm also going to require Haven to pay Mr R £150 in compensation for the trouble and upset he's experienced as a result of their errors in failing to settle his claim fairly and reasonably in a timely manner.

### **My final decision**

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

Haven Insurance Company Limited must:

- settle Mr R's claim based on a valuation of the car at £6,365.67;
- pay interest at 8% simple on any part(s) of that payment paid to Mr R after 31 August 2022 (calculated from 31 August 2022 to the date the payment(s) is / are made);
- pay Mr R £150 in compensation for his trouble and upset.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 19 July 2023.

Neil Marshall  
**Ombudsman**