

The complaint

Mr I complains Haven Insurance Company Limited hasn't offered a fair value for his car following it being written off after an accident.

What happened

The details of the claim are well known to both parties, so I won't repeat them again here. Instead, I'll summarise the background and focus on the reasons for my decision.

Mr I insured his car with Haven under a motor insurance policy.

In May 2023, Mr I's car was involved in an accident and Haven told him, due to the level of damage, his car would be written off. At various times, Mr I said he didn't want his car to be written off, instead preferring to use a different – cheaper – garage to carry out the work. He obtained a quote for this but, in the meantime and despite Haven agreeing to this, Haven's agent sold his car. Therefore, Haven was only able to settle the claim by paying him the value of his car at the date of loss.

Haven initially offered £11,935 to settle the claim less Mr I's excess and outstanding premiums. It later increased this offer to £14,220.

Mr I wasn't happy, so he complained about the sale of his car - which he hadn't agreed to - and the valuation offered. Haven maintained its valuation offer but offered £500 compensation to Mr I for disposing of his car when he'd told them this isn't what he wanted it to do. Mr I didn't agree and brought the complaint to this Service for an independent review.

An Investigator at this service looked into matters. They ran their own valuations to verify those obtained by Haven. The Investigator also obtained a further result from another motor trade guide not used by Haven of £15,070. Ultimately, they decided Haven needed to pay £850 more to Mr I – the difference between the market value of the car based on the highest guide valuations (£15,070) and the amount it paid to him. They also asked Haven to pay Mr I interest at 8%. In relation to the compensatory payment for selling Mr I's car without his approval, the Investigator considered the £500 offered by Haven was a fair and reasonable way to settle this aspect of Mr I's complaint.

Haven didn't agree with the Investigators method of calculating a fair value. It considered the evidence - the engineers report, all four valuations and online adverts - showed the highest guide is an outlier. Therefore, it offered to pay the average of all four guides (a further £211.50) as this is more than fair. Mr I didn't accept Haven's offer.

As an agreement couldn't be reached, the matter was passed to me for a 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'm upholding Mr I's complaint. I'll explain why.

It is my role is to decide whether Haven has applied the policy terms and conditions when reaching its market value and whether it has done so in a fair and reasonable way. Based on what I've seen, I don't think it has.

Where a car has been written off as a result of an accident, it's usual for the insurer to pay the consumer the market value of the car immediately before the accident. This is what Mr I's policy provides. It defines the market value as follows.

'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.'

This means Haven will pay the value of the car immediately before the accident which, here, it determined to be £14,220 after initially offering £11,935.

We use the same trade guides – in addition to one other - to help decide if a settlement offer is fair when valuing second-hand vehicles.

Having done so, I've noted the valuation offered by Haven is significantly lower than the amount the Investigator has suggested it should pay, which is based on the value provided by the highest guide. In this situation, Haven must show its offer represents a fair valuation. To do this, it sent a link to a search for cars like Mr I's. The link shows a range in price from £9,400 to £19,750. But I don't find this evidence to be relevant and persuasive in supporting Haven's offer. I say this because these are adverts for cars like Mr I's but with any mileage and for a slightly different model type. And, when the correct model type is selected, the top of the range goes up to £24,500. Notwithstanding this, they're adverts from around 8 months after the time of the loss. As we know the market fluctuates, I'm not satisfied those at the lower end of the range of adverts – particularly at the exclusion of others higher than this - present a true reflection of the market value at the time of loss. Therefore, I've considered the guides obtained by our service and Haven and find the Investigators recommendation to be one which is fair and reasonable in all the circumstances.

In summary, I'm not satisfied Haven's offer for the market value of Mr I's car was fair according to the terms and conditions of the policy. It now needs to put things right by taking the steps outlined below.

It's clear the service from Haven has fallen below the level Mr I was entitled to expect of it as well as the obligations placed on it by the ICOBS. Mr I has shared the impact of this in his correspondence with Haven. That said, taking all the circumstances of the complaint into account, including the courtesy car Mr I was given for a large part of the time this matter was ongoing, I consider the compensatory payment of £500 offered by Haven is a fair and reasonable way to resolve this part of Mr I's complaint.

Finally, I note Mr I's comments about parking tickets. But this isn't something I consider Haven is responsible for as they were incurred by Mr I because of the way he used the courtesy car. I don't therefore make an award for them.

Putting things right

Haven Insurance Company Limited must pay Mr I the following.

1. The difference between what it paid Mr I for his car (£14,220) and the highest guide

value (£15,070) which I calculate to be £850 based on these figures.

2. 8% simple interest on the total settlement from the date 30 days after Mr I's claim was made up to the date of actual payment (making appropriate reductions for interim payments on the date they were made).
3. £500 compensation for the distress and inconvenience caused by selling Mr I's car without his knowledge or agreement.

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

My final decision

For the reasons set out above, my final decision is I uphold this complaint. Haven Insurance Company Limited needs to do the things set out above to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 21 February 2024.

Rebecca Ellis
Ombudsman