

## The complaint

Mr T has complained about his car insurer Haven Insurance Company Limited in respect of a settlement it made to him following an accident where his pick-up was found to be beyond economic repair (total loss).

## What happened

Mr T had an accident in December 2022. In early March 2023 Haven said his pick-up was a total loss, with its market value being £3,420. It said it would pay that to Mr T, less his policy excess (and an amount to be paid to the finance company) in settlement of his claim. Haven said that was the market value returned by a motor valuation guide (A) checked by an engineer. It said that because this was a non-fault accident it wouldn't be able to recover more from the other insurer than the motor valuation figure, so it would not be increasing its settlement offer.

In June 2023 Mr T complained to the Financial Ombudsman Service. He said he'd had a replacement vehicle until 24 March 2023 (around the time Haven's settlement offer was made). But since, without a reasonable settlement from Haven, he'd incurred costs to keep mobile and working. Haven later told us it paid the settlement sum, based on the market value of £3,420, to Mr T on 22 July 2023. In respect of the market value figure, Mr T said his policy showed a value for his pick-up of £6,600. He noted that all similar vehicles advertised for sale had asking prices far in excess of the £3,420 market value Haven had applied.

Our Investigator, noting Haven had only referenced one motor valuation guide, checked that guide and another three. One, given the age and commercial nature of Mr T's vehicle, couldn't return a value. The other two (B and C), returned values of £3,775 and £6,462. He put these to Haven. Haven said it felt the value returned by C was an outlier, given A's and B's were so close. It said it would pay an average of A's and B's values – £3,597.50. Our Investigator felt that was fair. He felt that if Mr T was concerned that the hire vehicle he'd had had been taken away too soon, leaving him without a vehicle, he should make a complaint to the hire company.

Mr T remained unhappy. He provided further adverts, all for vehicles for sale in excess of both Haven's initial settlement and its revised offer. The complaint was referred to me for an Ombudsman's consideration.

I also felt the complaint should be upheld – that Haven hadn't treated Mr T fairly, not when it checked only one motor valuation guide, nor when it offered such a low settlement. In addition to paying an increased settlement, I felt it should reimburse Mr T's losses incurred to keep working and pay compensation for upset. So I issued a provisional decision, my findings of which were:

### "Market value"

*I think it's worth noting at the outset that Haven's policy, in respect of market value, says this will be determined by refencing (my emphasis) "guides" and any other available data. So it seems to me that Haven didn't treat Mr T in line with its own policy when it only referenced one guide to set a market value for his vehicle.*

*I also see that the policy documents show a value for the vehicle as £6,600. But they don't say this sum will be used if the car is found to be a total loss. But it does suggest that, when the policy was agreed, Haven accepted this was a fair value for Mr T's vehicle, I can certainly see that would make Mr T even more frustrated at Haven applying a market value of about half that sum when seeking to settle his claim.*

*The documents do also refer to that being an "estimated" value for the vehicle. So I don't think that sum, by itself, is a reliable indicator of its fair market value. But I think it is of interest that it's not dissimilar to the value C returned.*

*I acknowledge here that Haven is correct to say that, historically, the Financial Ombudsman Service has applied an approach of discounting motor valuations if they are 'out of line' with the values returned by the other guides. But we've also noticed that, currently, the market for second-hand vehicle sales is quite competitive. So our approach has changed to reflect that.*

*The higher value returned by C, in the currently competitive re-sale market, can't fairly be discounted just because A and B have returned significantly lower values. Rather the higher value from C might well be indicating that those returned by A and B are not reliable values. In saying that I note Haven has not provided any evidence which might support that its reliance on the lower guide values is fair. The only adverts Haven provided – which may have been sent to it by Mr T – are for vehicles for sale priced at £6,000 and £7,500. If anything those two adverts seem to support C's value being the most reliable indicator of a fair market value for Mr T's vehicle. I think the value returned by C should be applied to Mr T's claim as the fair and reasonable market value for his pick-up.*

*I see Mr T's accident occurred in December 2022. With Haven not making any settlement to Mr T at all until July 2023. That is far too long. Mr T's excess is £400. And he had some finance outstanding on the vehicle – £328. With what I've found to have been the fair market value of £6,462, Mr T should have received £5,734 from Haven within, at the outside, a month from the date of loss. So I'm going to require Haven to pay an amount equivalent to interest applied to the sum of £5,734 from 15 January 2023 until it paid £2,691 (it's market value, less the excess and finance settlement) to Mr T on 22 July 2023.*

*The difference outstanding in the settlements is £3,043. Haven will have to pay this to Mr T, plus interest, applied on this sum from 23 July 2023 until this sum is paid.*

#### Financial loss

*Mr T, as part of his claim, had the benefit of a hire vehicle until, he says, 24 March 2023. I think that makes sense – the engineer's report was issued in January 2023. I think the other party to the claim would likely have known about the likely settlement value by March 2023. It seems reasonable to me that this would then have affected the hire company's decision to keep Mr T in a hire vehicle. I can't look at whether that decision was fair or not. But I add this detail here to show why I find Mr T's report of the hire vehicle being returned in March 2023 is credible.*

*Haven didn't make any settlement to Mr T until July. And that was based on an unfairly low market value sum – about half of what I've found to be fair. Mr T used the pick-up for work so I understand that he had to act to make sure he didn't lose income. He's said he hired a van himself until summer 2023, when he brought a temporary replacement vehicle for about £1,000.*

*I think Mr T took reasonable action to mitigate his loss. I intend to require Haven to reimburse Mr T's hire costs (assuming he hired a vehicle up to the same category as the one he owned). I appreciate it likely caused Mr T some inconvenience to buy and insure the*

*temporary replacement vehicle. So I'll bear that in mind when awarding compensation. But I also bear in mind that Mr T now has this asset which he can sell on again if he wishes too. That is different to the hire costs incurred. So unlike the hire costs, which I think Haven should reimburse, I'm not minded to make it pay Mr T the £1,000 he spent buying the temporary replacement vehicle.*

*I note Mr T has said that the temporary van has affected his trade, due to the way it looks. But I'm not persuaded consumers put more stock in a vehicle driven by a trader than in things like references and work history. I've not seen any evidence about a loss in trade, and even if such has occurred, I'm not convinced such could effectively be traced back to customer's being put off using Mr T's services because of the look of the vehicle he is using.*

#### Compensation for distress and inconvenience

*I think Haven failed Mr T in its settlement of this claim. It took too long to come to its initial view on the market value. It used an unfair approach and came up with an unreasonable value. It then didn't pay that sum for an unreasonably extended period. Mr T reported poor contact from Haven too. He's then incurred inconvenience, had to take significant action and absorb significant costs, all in order to mitigate the situation. Which Haven caused. I'm now requiring Haven to reimburse those costs – but I don't doubt that incurring them in the first place was stressful and inconvenient for Mr T. I think Haven should pay Mr T £750 compensation for distress and inconvenience.”*

Mr T indicated he was satisfied with the decision but clarified he had not received any settlement at all from Haven. He subsequently provided an invoice for the van he had hired.

Our Investigator reverted to Haven to ask it for evidence of it having paid the balance of the market value settlement to Mr T in July 2023. She said if it had not paid that to him, it would have to pay it now, plus interest.

Haven said it had no comment to make.

#### **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.

I note Mr T did not receive the payment Haven's file suggested it made in July 2023. And that Haven has not provided any evidence to show Mr T is incorrect. As advised by our Investigator, Haven will have to pay that sum to Mr T now, plus interest.

I also note the invoice from Mr T. I'll ask our Investigator to pass it to Haven for consideration.

As neither party has raised any objections, I've no need to amend what I said provisionally. As such my provisional findings, along with my comments here, are now those of this, my final decision.

#### **Putting things right**

I require Haven to pay Mr T:

- £2,691 as its original settlement value.
- £3,043 as an additional amount for the total loss of his vehicle.
- An amount equivalent to interest\* on the sum of £5,734 applied from 15 January 2023 until settlement is made.

- An amount equivalent to Mr T's outlay for hiring a replacement vehicle (assuming it is the same category or less than the insured vehicle), plus interest\* on each sum incurred by Mr T applied from the date he paid the sum until settlement is made.
- £750 compensation for distress and inconvenience.

\*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Haven to take off tax from this interest. If asked, it must give Mr T a certificate showing how much tax it's taken off.

### **My final decision**

I uphold this complaint. I require Haven Insurance Company Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 9 February 2024.

Fiona Robinson  
**Ombudsman**