

The complaint

Mr V complains that the amount Haven Insurance Company Limited ('Haven') offered to settle his motor insurance claim is too low.

What happened

Mr V had a fully comprehensive motor trade policy with Haven. In March 2023, he was involved in an accident and made a motor insurance claim.

Haven decided it was not economical to repair the vehicle and deemed it a total loss. It said it would settle Mr V's claim based on the trade market value of the car at the time of loss. Haven consulted a valuation guide ('Guide 1') and said the car was worth £845 on the day it was damaged.

Mr V complained to Haven because he did not accept the valuation. Whilst investigating the complaint, Haven referred the matter to its engineers. The engineers consulted a further trade guide ('Guide 2'), which showed a valuation of £780. As this was less than the £845, Haven rejected Mr V's complaint.

Mr V did not accept Haven's valuation and so he complained to the Financial Ombudsman Service. In considering the complaint, our investigator consulted four valuation guides and found the following valuations: Guide 1 - £845; Guide 2 - £780; Guide 3 - £817; and Guide 4 - £1,031 if the vehicle was in poor condition or £1,089 if the vehicle was in good condition. As Haven's offer was within the range of these guides, our investigator thought it was fair.

Mr V did not agree with that view and so the matter was passed to me for an ombudsman's decision.

I issued a provisional decision because I thought the complaint should be upheld. I said:

"As things stand, I intend to uphold Mr V's complaint. I'll explain why.

I understand the terms and conditions that apply to Mr V's policy say that where Haven considers a trade vehicle to be a total loss, it will settle the claim based on the trade value as shown by Guide 1 at the date of loss. I can see that Haven did consult Guide 1 and that its offer is in line with the valuation set out there.

However, I have also been provided with a copy of the Insurance Product Information Document ('IPID') that would have been provided to Mr V at the point of sale. The IPID says it is a summary of what Mr V can expect from his policy and various pieces of information are highlighted. Under the heading 'Are there any restrictions on cover?', the IPID says that if the insurer deems Mr V's car to be a total loss, it will settle his claim based on the mid-book guide value as shown by Guide 1.

Looking at the grounds of Mr V's complaint, it is clear that he did not know his claim would be settled in line with Guide 1. From the information highlighted in the IPID, whilst there is reference to Guide 1, I don't think it is necessarily clear from that information that a total loss claim made by Mr V would be settled using the trade price. And to elicit that information from the policy document, Mr V would have had to read down to paragraph 7 on page 16 before returning to the defined terms on page 10.

On balance, I don't think the information set out in the policy documentation as a whole is clear that Mr V's claim will be settled based on the Guide 1 trade price. It follows then that I don't think it would be fair for Haven to settle Mr V's claim based solely on this valuation.

That said, I am mindful that this is a trade policy and I don't think it would be fair for me to require Haven to settle the claim based on the retail value. To settle this claim, I think it would be fair to take account of a range of valuation guides showing trade prices and apply our usual approach to cases like this.

I've seen the valuations our investigator obtained. I can see they are based on the correct registration details and show the correct make, model, mileage and date of loss. With that in mind, the highest trade valuation was shown in Guide 4.

Guide 4 showed two valuations: £1,039 if the vehicle was in poor condition; and £1,089 if the vehicle was in good condition. I haven't seen anything to suggest that Mr V's car was in poor condition. So, for Guide 4, my provisional view is that it would be fair for me to take account of £1,089.

As a service, we now expect the starting point for a valuation to be the highest of the valuation guides. I know that our investigator said Haven's valuation of £845 was within the range of valuations shown in the guides. But for me to determine that this valuation of £845 is fair, I'd expect to see some other evidence to support that lower valuation point. And I'd need to be persuaded that that this evidence is relevant and persuasive before accepting that Haven's lower valuation is fair.

As things stand, Haven hasn't provided any other evidence to persuade me that a valuation in line with the Guide 4 is inappropriate. It follows that to avoid any detriment to Mr V, the highest valuation of £1,089 produced by Guide 4 is my starting point. So, considering the overall variation of values produced, and the lack of other evidence provided, I consider that a more appropriate fair market valuation would be £1,089.

I understand Mr V believes his car would have been worth between £2,000 and £3,000 at the date of loss. However, I must stress that this is a trade policy. I accept that the retail value of Mr V's vehicle may well have been somewhat higher. But as I am applying trade prices, my provisional view is that £1,089 is a fairer valuation of Mr V's car at the date of loss."

I asked the parties to provide me with any further information or evidence they wanted me to consider before I issued a final decision by 13 February 2024. No response was received. I extended the deadline until 19 February 2024, but neither party responded and there was no request for additional time.

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.

As neither party responded to my provisional decision, I see no reason to depart from my provisional findings.

So, for the reasons set out in my provisional decision, I uphold this complaint and require Haven to put things right for Mr V.

Putting things right

I require Haven to:

- Settle Mr V's claim on the basis that his car was worth £1,089 at the date of loss; and

- Pay simple interest on the difference between any initial settlement and the final settlement. This interest is to be paid from the date the initial settlement was paid until the date the claim is finally settled. The rate of interest is to be 8% per year.

My final decision

I uphold this complaint about Haven Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 19 March 2024.

Nicola Bowes
Ombudsman