

The complaint

Mr V complains that Haven Insurance Company Limited have treated him unfairly in relation to his car insurance claim. Mr V's father has assisted in this matter, but for ease of reading I will just refer to Mr V (and include his father's submissions as if they were his own).

I also acknowledge that Mr V has concerns about his broker's involvement in related matters, but since they are a different entity from Haven, I cannot consider those issues under this case. I understand Mr V has complained separately to the broker.

What happened

Mr V had insurance with Haven. He was involved in a road traffic incident in May 2023 and so made a claim on his insurance policy. Mr V's car was deemed to be a total loss and a payment for the market value of his car was calculated.

Mr V was disappointed with the amount he received in settlement of the claim, in part because the outstanding premiums on his policy had been deducted from it, as had the policy excess. Mr V felt this was unfair because he considered the third party to be at fault.

Mr V is unhappy with liability remaining unresolved and says he isn't able to buy a replacement car because his was on finance – and the settlement was used towards that. He said his father even had to help pay off the remaining finance owed, because the claim settlement wasn't enough.

Mr V says he was injured in the incident and has received no payment for that. He also said not having a car has had an impact on his work and social life.

Haven issued Mr V with their final response to his complaint on 14 August 2023. They said the car had been valued at £3,530, but £1,350 was deducted due to the excess and £1,448.98 was deducted due to the outstanding policy premium owed.

The valuation was later uplifted to £4,354, although the deductions were still applied. Haven clarified that liability had yet to be resolved at that point, but that it was possible they could ask the third party to reimburse the excess – if they were found to be at fault.

Unhappy with that, Mr V brought the case to our service.

An investigator here looked into the matter. They said the revised valuation was fair, when compared to the industry guides which are commonly used for such purposes. The investigator also concluded that the deduction of the excess and outstanding policy premiums was reasonable – and again – in line with how the industry, and policy terms, operate.

Finally, he said Haven wouldn't cover uninsured losses like personal injuries, loss of income or the excess while liability remained outstanding.

Mr V didn't agree. He felt part of the complaint had been overlooked and after some further

consideration the investigator recommended £100 compensation on the basis of poor communication during the claim. Mr V didn't think that was enough to resolve all concerns raised so the matter has been passed to me to consider.

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'm sorry to disappoint Mr V, but I consider the claim outcome – insofar as the valuation and the deductions – to have been reasonable. I must also clarify that while I understand liability, and associated losses, remain outstanding it isn't for me to comment on who may be to blame in a road traffic incident. That is for the insurers to negotiate or for the courts to decide where the insurers disagree. Unfortunately, liability issues can take some time to resolve.

With regard to the valuation, it appears Mr V has accepted the way that has been calculated (even though he may still consider it to be inadequate). I say this because he said he could understand the investigator's explanation in that respect. For the avoidance of doubt, I agree the valuation appears to be reasonable as it is close to the maximum returned by the guides.

Moving on to the deductions, first of all there's the excess. That's a standard deductible when it comes to insurance claims. And while it can sometimes be recovered, that wouldn't be attempted until liability has been agreed or decided upon. As that hasn't happened yet I'm unable to say the deduction of the excess was unfair. The same goes for uninsured losses, such as personal injury and loss of earnings.

Then there's the outstanding premiums. Unfortunately, that too is a standard deductible on policies which are paid for in monthly instalments. In effect, once a claim has been made on a car insurance policy (or other insurance policies) it may be deemed to have been 'used'. It is the same if you make a claim on the day the policy is taken out as it is on the last day. There isn't any element of luck or jeopardy, in that respect, attached to when in a policy year a claim happens.

The reason for that is the policy needs to be paid for in full, because the business has taken on the risk right from the start. Whether the policy is paid for in one go up-front or in monthly instalments doesn't affect that. Essentially, allowing payment in monthly instalments is a way for the industry to help consumers spread out the cost over the year. And, typically, unless a car insurance policy is cancelled early with no claim made then no refund is due.

I do appreciate the impact of this on Mr V, that it meant he was back to square one in terms of not having a car – and not having the means to replace his due to the finance. But, I can't require Haven to pay more based on those circumstances unless I think their claim settlement amount (the valuation) is too little, and I don't think it was, at least not after it was increased.

Mr V has suggested the policy could've been frozen and used on another car, once a replacement became affordable. Some insurers will allow that (subject to revised terms, including the premium) but they don't generally have to. Further risk factors have to be taken into account – such as the replacement vehicle's value and characteristics – so it isn't always possible.

In any event, I don't think it would be typical for the policy to be frozen as it is a 12-month contract. And as Mr V hasn't been able to replace his car within those 12-months it would have expired by now anyway.

I note Mr V's concerns around liability, but as I've said, I'm limited in what I can consider here. Haven have said the third party/their insurer is contesting it and that's why it is taking some time to resolve. There will be times where it's never really resolved too.

If neither insurer is willing to concede fault on their insured's part, then it may just become a stalemate. It is for the insurers to then consider whether it is worthwhile pursuing matters through the courts as that can lead to greater expense – which could end up leading to those costs being passed on to the customer through future premiums. Sometimes, insurers simply won't agree but it will go no further than that. That's where blame is shared and, to use the industry term, both will be deemed to be (partly) at fault.

Because I think the overall claim settlement was reasonable, the impact on Mr V from my point of view is one of distress and inconvenience – for which I can award compensation. I understand the claim itself has had a significant impact on Mr V, but it isn't the impact of the claim that I am to consider in terms of compensation. Rather, it is the impact of any failings in Haven's handling of matters.

In that respect, I can see how frustrating Mr V has found everything here. There are times when I think Haven should've done a better job of explaining things to him. And I can appreciate why he's felt he's been passed from pillar to post when dealing with the insurer and the broker.

Overall, I consider the £100 agreed between the investigator and Haven to be reflective of that frustration. I would add though that Haven ought to keep Mr V up to date with any future discussions on liability and let him know if they are finalised in any way.

My final decision

It is my final decision that I uphold this complaint. I require Haven Insurance Company Limited to pay compensation of £100. I make no other award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 16 April 2024.

Will Weston
Ombudsman