

The complaint

Mr S complains that Haven Insurance Company Limited (Haven) declined to pay a cash settlement it had previously agreed, under his motor insurance policy.

What happened

Mr S's car was vandalised. He made a claim to Haven, and it arranged for the repairs. When the car was returned to him he noted not all the damage had been repaired. And when he started the engine shards of glass flew out of the air vents hitting him and his baby daughter.

Mr S contacted Haven again. He says it offered him a cash settlement to repair his car. He agreed but Haven subsequently retracted its offer. Mr S says he doesn't want to use Haven's repairer because of the issues he's experienced. In addition, he says he wasn't offered a courtesy car and the staff at Haven's garage were racist towards him.

In its final complaint response Haven says its engineer had advised there were glass shards in the heater matrix, which was a safety concern. Because of this a cash settlement wasn't possible. It says its standard process is for the approved repairer to first attempt any rectification work necessary under the warranty it has in place. Haven says that as Mr S had moved to a different city, it agreed to authorise another repairer closer to his new home to carry out the repairs.

Mr S didn't think he'd been treated fairly by Haven. So, he referred the matter to our service. Our investigator upheld his complaint. She says Haven hadn't explained why it couldn't provide a settlement payment. So, she asked it to pay the original cash settlement for £5,114.09. Mr S accepted this outcome. Haven then confirmed it would pay Mr S £1,663.55 to settle the claim. Mr S didn't think this was fair.

Our investigator asked Haven to explain why there was such a difference between what it originally offered and the current figure. She wasn't satisfied with Haven's explanation and maintained her view that it should pay its original offer of £5,114.09. Haven disagreed and asked for an ombudsman to consider the matter.

It has been passed to me to decide.

I issued a provisional decision in February 2024 explaining that I was intending to partially uphold Mr S's complaint. Here's what I said:

provisional findings

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 my intention is to uphold Mr S's complaint. I won't be asking it to pay a cash settlement based on the main dealer's quote. I realise this will be disappointing for him, but I'll explain why I think my decision is fair.

It isn't in dispute that the repairs completed by Haven's approved repairer were incomplete. And there was additional damage resulting from the glass shards. Haven has accepted responsibility for resolving these issues. My focus here is whether it treated Mr S fairly when doing so.

In its submissions to our office Haven explains that when Mr S moved home, he obtained a repair estimate from a main dealer garage. He sent this to Haven. It then forwarded this to an independent engineer. It says this was done in error. Haven says the engineer discussed the repair costs with the main dealer. It wanted a payment upfront for the repairs. Haven says this isn't something its processes allow, so a potential cash settlement was discussed.

Haven explains that all of the above was carried out in error. It says the engineer shouldn't have been passed the main dealer repair estimate and shouldn't have discussed its repair costs. In these circumstances Haven says its process is to allow the original repairer to attempt any remedial work that is needed. As Mr S had moved address, it says an alternative approved repairer should've been sourced closer to his home. It says it told Mr S soon after making its offer that it couldn't provide the cash settlement.

I've read the engineer report Haven obtained for the repairs needed on Mr S's car. The cost of the repairs comes to £1,663.56. I've also seen a more recent estimate Mr S obtained from a main dealer. The cost of these repairs comes to £5,033.46 plus VAT.

From what I've read the repairs detailed cover the same work. The main difference in cost is due to the labour charges and some difference in the cost of the parts.

Mr S's policy terms say:

"If Your Car is damaged, at Our option We will:

- Repair the damage to Your Car; or*
- Settle the claim by monetary payment; or*
- Provide You with a replacement Car."*

And:

"All repairs carried out by Our approved repairers are guaranteed for 5 years from the date the repairs are completed, as long as You own the vehicle. Any parts used during the repair are covered under the manufacturer's guarantee. In the unlikely event the repairs are considered unsatisfactory, the approved repairer will have the option to rectify their work. Should the repairs still be considered unsatisfactory, You may use another repairer providing We agree for the work to be carried out. If You do not wish to use Our approved repairers an additional Excess will apply, which will be confirmed on Your Policy Schedule. We will be unable to provide You with a Courtesy Car. You will need to give Us an estimate from Your preferred repairer. If We think the estimate is unreasonable, We can:

- arrange for Your vehicle to be moved to Our approved repairer, or*
- ask You to give an estimate from another repairer."*

Also:

"At Your request, We can sub-contract the repair work that We are to carry out to a repairer of Your choice, but this may lead to delays in arranging the repairs."

The terms state the original repairer will be given the opportunity to rectify any issues. This wasn't possible, which is why another approved repairer was authorised that was closer to Mr S's new home. Mr S provided an estimate from his own choice of garage, which was a

main dealer. However, Haven didn't agree to authorise this garage to carry out the repairs. Instead, it offered for its repairer to do the work or to pay a cash settlement based on the estimate its repairer provided.

Having considered the evidence, I don't think Haven acted unfairly. It relied on its policy terms and offered to arrange the repairs or to pay a cash settlement. The main dealer's estimate is significantly higher than it will cost Haven's approved repairer to carry out the work. There is no obligation, under its policy terms, for Haven to agree to pay for the main dealer's charges.

The estimate from Haven's approved repairer covers the same work the main dealer intended to do. In these circumstances I don't think it was unreasonable for Haven to offer a cash settlement equal to the cost its repairer would charge.

In light of this Haven should maintain its offer to carry out the work at its approved repairer closer to Mr S's home or to provide £1,663.56 as a cash settlement. I acknowledge what Mr S says about not trusting the repair work arranged by Haven. But the work won't be carried out at the original repairing garage. I understand his concerns, but I have no reason to believe the repairs won't be carried out to a satisfactory standard.

That said Haven told Mr S it couldn't offer a cash settlement because of safety concerns. We asked it to explain why this prevented the claim being settled. I can't see that it provided a reasonable response to this point. I'm not aware of why this meant the claim couldn't be cash settled. I think this has caused some confusion and delayed matters unnecessarily.

Having said that the cash settlement Mr S was originally offered for £5,114.09 was a mistake. He isn't entitled to this under his policy terms. But I think this could've been explained more clearly at an earlier stage. And I think Mr S's car could've been repaired earlier had the situation been communicated better. Because of this I think it's reasonable for Haven to compensate Mr S for the inconvenience and frustration he's experienced. I think £400 is fair.

Mr S complains that he wasn't provided with a courtesy car and the repairer's staff were racist towards him. I can't see that these issues were included as part of his complaint. Under the Financial Conduct Authority (FCA) dispute resolution or DISP rules, we can only consider a complaint once the business has first had the opportunity to respond. So, I'm not able to comment on these issues here. Mr S can contact Haven to complain if he wants to pursue these points further.

I said I was intending to uphold this complaint in part and Haven should:

- pay Mr S £400 compensation for the inconvenience and frustration it caused him;
- arrange for repairs to be completed at its approved repairer or pay Mr S £1,663.56 to cash settle his claim.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Haven responded to say that it accepted my provisional findings.

Mr S responded to say he thought my decision was unfair. He says he still doesn't understand why the settlement figure changed from the first one. He says he understands he wasn't meant to receive 'that' email, but he says that isn't the point. Mr S says had he not received Haven's email he wouldn't have known the actual cost of the repair. He would then have accepted its offer for £1,663.55. Had he done so he says this wouldn't have covered

the cost of the repairs.

Mr S says he's given Haven multiple chances to finish the repairs, which it's failed to do. He says he has lost all trust in the company.

Mr S says he has been treated very badly by Haven which has caused him stress. He says he's been chasing the company for responses due to its poor service. He would like Haven to pay the original settlement offer and to compensate him and his family for the inconvenience and frustration it has caused.

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 not persuaded that a change to my provisional findings is warranted.

In my provisional decision I explained the error Haven made when it forwarded Mr S's main dealer quote to an independent engineer. This resulted in the engineer discussing a settlement payment based on this quote. What Haven's policy terms say should've happened is that its repairer is first given the opportunity to rectify the problem.

When Haven identified its error it offered to arrange for the repairs to be completed by one of its garages. As an alternative, it offered a cash settlement equal to what its garage would charge for the work. I think this was fair. Haven didn't agree to authorise the main dealers much higher costs and so based its settlement offer on what its garage would charge.

I acknowledge Mr S's comments that Haven's settlement payment wouldn't cover the cost of the repairs if he arranged this. But his view is based on the quote from a main dealer. His policy states that where repairs are unsatisfactory Haven will arrange for its repairer to rectify any problems. It isn't obligated to pay what the main dealer quoted for the repairs. A main dealer will typically charge more for its mechanics time than other garages. The cost of the parts used in the repairs are also likely to be higher. Having considered the quotes from both the main dealer and Haven's garage, I think this explains the difference in the price.

In my provisional decision I said that Mr S was caused frustration and inconvenience due to Haven's poor standard of communication. Had the situation been explained clearly at an earlier juncture, I said it's likely Mr S's car would've been repaired sooner. He was incorrectly told that Haven couldn't offer a cash settlement due to safety concerns. And it's clear the remnants of glass caused distress. Because of all of this I said Haven should pay Mr S £400 compensation. I think this is fair. I'm not persuaded by his comments that the business should pay more.

My final decision

For the reasons I've explained above, and in my provisional decision, I uphold Mr S's complaint in part. Haven Insurance Company Limited should:

- pay Mr S £400 compensation for the inconvenience and frustration it caused him;
- arrange for repairs to be completed at its approved repairer or pay Mr S £1,663.56 to cash settle his claim.

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

Mike Waldron
Ombudsman