

The complaint

Mr P has complained about the way Haven Insurance Company Limited has dealt with his claim under his Private Car Insurance policy.

What happened

Mr P's car was damaged in an incident at the beginning of May 2023. He made a claim under his policy and Haven arranged for one of its motor engineers to assess the damage to his car. The engineer provided Haven with a report in which he said it would cost at least £15,306.73 to repair Mr P's car and that this meant it was a total loss (a write-off). He placed a salvage category of S on the car, which meant he thought it was structurally damaged, but repairable.

Mr P didn't agree that his car should be written-off and provided an estimate for the repairs of £9,745.82. He also provided a letter from the repairer certifying there was no damage to the chassis on the car. Haven asked its engineer to review the estimate and reconsider his decision that Mr P's car should be written-off. The engineer said he was not convinced the estimate Mr P had provided covered all the repairs required and he thought there was damage to the chassis on the car. He maintained his view that the car should be written-off.

Mr P provided a further estimate for £11,556.16 and asked Haven to reconsider its decision. Haven did not change its mind. So Mr P complained to Haven and also asked us to consider his complaint. Haven issued its final response letter on Mr P's complaint on 15 November 2023. In this it said it was satisfied its decision to write his car off was correct.

One of our Investigators considered Mr P's complaint. She said that Haven hadn't done enough to show Mr P's vehicle should be written-off. And she said it should settle his claim by paying him £11,556.16 in cash. She also said it should remove the salvage marker on Mr P's car and pay him £400 in compensation for distress and inconvenience.

Haven didn't agree with the Investigator's view. It obtained further comments from its engineer and maintained its decision to write-off Mr P's car was correct.

Mr P agreed with the investigator's view in principle, but said he also wanted Haven to cover the storage charges he'd incurred.

The Investigator went back to Haven and said she was satisfied her decision was correct and mentioned the issue of storage charges. She explained Mr P had told it in July 2023 his vehicle was incurring storage charges and it hadn't taken any action. So, in view of this, she thought Haven should cover the storage charges.

Haven agreed to make the cash payment suggested by the investigator for the repairs, less the policy excess. But it didn't agree to pay the storage charges or the compensation the investigator had suggested for distress and inconvenience.

The Investigator asked Mr P if he was happy with Haven's offer to pay the cash amount she'd suggested, less the policy excess, without it being liable for any further costs even if

his repairer discovered further repairs were necessary. He said he was, but he wanted Haven to pay the storage costs, which were around £6,500 by this stage, as soon as possible.

As Haven wouldn't agree to pay the storage costs or the compensation for distress and inconvenience, the Investigator put the complaint forward for an ombudsman's decision. Haven responded to the Investigator's email about this and stated the claim could have been resolved over eight months previously if Mr P had accepted its decision to write-off his car. And it didn't see why the garage would charge for storage if it was carrying out the repairs to Mr P's car. It also suggested the company who provided the finance for Mr P's car owned it and queried whether Mr P had told it about his plan to repair his car at a repairer which was not approved by the manufacturer. It suggested the finance company may not agree to the car being repaired.

I issued a provisional decision on 13 March 2024 in which I set out what I'd provisionally decided and why as follows:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

While I appreciate the Investigator took the view that Haven's decision to write-off Mr P's car was wrong, I am not persuaded it was. The engineer who decided this was the right course of action was a suitably qualified person and inspected the car and provided a detailed report, including details of the repairs needed and what he thought they would cost. This was around 60% of the cost of replacing Mr P's car with one of the same make, model and mileage, even at the highest industry guide valuation this Service has obtained of £27,070. So, I'm satisfied it was reasonable for Haven to rely on the engineer's opinion when making its decision to write-off Mr P's car.

The engineer then re-assessed the matter in light of the estimate provided by Mr P and the statement certifying that there was no damage to the chassis on his car. And he said he didn't agree and was sure there was damage to the chassis, so he maintained his decision to write-off the car with a salvage category of S was correct. Haven's internal engineer did suggest that the best way to determine whether the chassis was damaged was an alignment check, but this wasn't carried out. Even so, the engineer Haven appointed is a suitably qualified person to determine whether the vehicle was a write-off and have a salvage category placed on it. The repairer Mr P obtained the estimate and statement from is not a qualified motor engineer, as far as I can see. Therefore, on balance, I prefer the view of Haven's engineer. In view of this, I don't think the salvage category of S should be removed from Mr P's car.

I do however think Haven should have offered Mr P a cash settlement based on the estimate he provided back in early September 2023. This doesn't mean I think Haven needed to agree to remove the salvage marker, but this didn't alter the fact that the car belonged to Mr P. And, while Haven have not actually provided the full policy wording, in my experience the terms of Mr H's policy will say that Haven will pay the cost of repairs if the insured car is damaged or that it will arrange repairs. I appreciate the policy will also say the maximum Haven will pay is the market value, usually defined as the cost of replacing the insured car with one of the same, make, model and mileage, less the excess. But, where a car can be safely repaired and the customer wants this to happen, as here, I think Haven should be flexible. Especially, where the estimated cost of repair is only around 60% of the market value. I say this noting the category S salvage marker means the Mr P will need to show his car has been properly repaired to get it back on the road. And, while I appreciate that Mr P's car was bought on finance, I do not consider this is likely to mean the finance company owns it. Mr P is most likely to be the legal owner and the finance company is likely to have an

interest in it. And it is for Mr P to fulfil any obligation he has to the finance company to let it know his car has been damaged, had a salvage marker placed on it and he is going to have it repaired.

This means I think, as part of the fair and reasonable outcome to this complaint, Haven needs to pay Mr P the cost of repairing his vehicle, less his policy excess. But Haven should not have to pay more than it would pay if it was to have written it off. This is because I consider its decision to write off the car was a reasonable one. And the amount it would pay in this situation would be the market value of the car at the point it was damaged, less the following:

- The policy excess, which it seems is a total of £850; although, the excess is not entirely clear from the policy schedule and it would be useful if Haven could let me know exactly what it is when responding to this provisional decision.
- The amount Haven would have got from its salvage agent if it had written the car off . According to the engineer Haven appointed, this would have been £5,997. The reason I have said the salvage value should be deducted to get to the maximum amount Haven should have to pay is that Haven would have assumed ownership of Mr P's car if it had treated it as a total loss (a write-off) and it would have got this amount for it from its salvage agent.

This means, based on what I consider to be the correct market value of £27,070 at the date of loss, an excess of £850 and a salvage value of £5,997, the maximum Haven should have to pay in settlement of Mr P's claim is £20,223 .

The repair estimate Mr P has provided is for £11,556.16. But it could be that when repairs are underway the repairer finds further items that need to be repaired as a result of the accident Mr P has claimed for. And I think Haven should cover the cost of these up to the maximum of £20,223 I have mentioned. This will be subject to Mr P providing an invoice to show these extra repairs were necessary as a result of his accident and that he has paid for them. This means Haven will need to pay Mr P £11,556.16 on acceptance of my final decision. And then a further amount for additional repairs, if any were required, once Mr P provides a satisfactory invoice as set out above and proof of payment.

Once Mr P's car is repaired, he will need to follow the appropriate procedure for vehicles that are classed as salvage category S and then repaired. If Mr P accepts my final decision and it requires Haven to pay for the repairs to his car as set out above, it will be Mr P's responsibility to follow these procedures. If for some reason he cannot get his car back on the road despite following this procedure, this will not be Haven's responsibility provided it has paid for all the repairs required to Mr P's car up to the limit I have mentioned.

I also agree with the Investigator that Haven should cover the cost to Mr P of storing his car at the repairer who provided the estimate for repairing his car. This is because Mr P told Haven that his car was being stored and incurring storage charges in July 2023. And, at this point, as the professional and experienced party, I'm satisfied Haven should have either offered to move the car back to free storage while it considered his claim further. Or it should have made it clear to Mr P that it wouldn't cover his storage charges. Then Mr P could have moved the car. However, I agree with Haven that under normal circumstances if a repairer actually repairs a vehicle it doesn't charge for storage. So, Haven should only have to pay for storage once Mr P has paid for this and provided an invoice, along with proof of payment.

Mr P's car is still in storage, and this flows directly from Haven's failure to offer him a cash-in-lieu settlement back in August 2023 and its failure to let him know it would not cover his storage costs when he told it in July he was incurring them. So, I consider Haven should cover any storage costs up to the point the repairer starts repairing Mr P's car, but for no

longer than one month after Haven has paid him the amount I award for repairs in my final decision. This is to allow some time for Mr P to instruct the repairer and for it to get any parts it needs.

As I've already mentioned, I think Haven should have offered Mr P cash in lieu of repairs by early September 2023 for the reasons set out above. This means he has been without a car since the beginning of September when he should have been able to get his car repaired and back on the road by the end of November, at the latest, allowing some time for his repairer to order parts and for his car to be repaired. Mr P has said that without his car he has walked and used public transport. But, as a direct result of a failing by Haven, he has had to do this now for a period of nearly four months. This will clearly have caused Mr P considerable distress and inconvenience. And I think this warrants a significant award of compensation. I've considered the impact and I think that an award of £500 in compensation is appropriate.

I appreciate Mr P has paid or will have to pay the full annual premium for his policy without being able to use his car. But, even if he'd cancelled his policy early, he would not have been entitled to a refund of premium because of his claim. I also appreciate he has continued to pay the finance on his car, but he would have had to continue doing this even if it had been repaired fairly quickly; so he hasn't lost out financially. He has been inconvenienced, but this is what the compensation of £500 is for.

My provisional decision

For the reasons set out above, I've provisionally decided to uphold Mr P's complaint about Haven Insurance Company Limited and make Haven do the following:

- Pay Mr P £11,556.16 for the repairs to his car. Haven must pay this amount within 28 days of the date on which we tell it Mr P accepts my final decision. If it pays later than this it must also pay interest on it from the deadline date for settlement to the date of payment at 8% a year simple.*
- Re-imburse the cost of any extra repairs required to Mr P's car as a result of the accident giving rise to his claim that come to light, up to a maximum payment of £20,223 in total. This is subject to Mr P providing an itemised receipted invoice for the repairs carried out detailing the actual repairs carried out and the parts used, along with confirmation from the repairer those additional works weren't included in the estimate of £11,556.16 and were necessary as a result of the accident which is the subject of this claim. Haven must pay this amount within 28 days of the date on which Mr P provides the invoice and proof of payment. If it pays later than this it must also pay interest on it from the deadline date for settlement to the date of payment at 8% a year simple.*
- Re-imburse anything Mr P pays the repairer for storage costs up to the point the repairer starts repairing Mr P's car, but for no longer than one month after Haven has paid him the amount awarded above for repairs in my final decision. This is subject to Mr P following the steps outlined above. Haven must pay this amount within 28 days of the date on which Mr P provides the invoice and proof of payment. If it pays later than this it must also pay interest on it from the deadline date for settlement to the date of payment at 8% a year simple.*
- Pay Mr P £500 in compensation for distress and inconvenience. Haven must pay this compensation within 28 days of the date on which we tell it Mr P accepts my final decision. If it pays later than this it must also pay interest on it from the deadline date for*

settlement to the date of payment at 8% a year simple.

I gave both parties until 27 March 2024 to provide further comments and evidence in response to my provisional decision.

Mr P responded with some queries and comments. He explained that the repairer who provided the estimate to repair his car, which I said should be used as the basis of settlement for his claim, had said it would not start the repairs unless the storage fees for his car were cleared. And he suggested Haven settle these with the repairer directly. He also asked if he could use a third garage to do an alignment check on his car and provide a report to Haven. And that if this showed there was no damage to the chassis, whether Haven could then be required to change the salvage category on his car and pay for the report.

Haven responded to say it agreed with my provisional decision.

Having considered Mr P's further comments and queries, I emailed Haven. I explained that I thought it was reasonable for it to settle the storage fees direct with Mr C's repairer. I also said I'd expect them to consider an alignment report if Mr P provided one and ask its engineer to consider whether it meant it was appropriate to alter the salvage category on his car from category S to category N. And I further explained that, if he felt it was, I'd also expect Haven to cover the cost of the report.

Haven responded to say it is willing to settle the storage fees direct with the repairer, subject to it providing an appropriate invoice. It also said it would be willing to ask its engineer to consider an alignment report and cover the cost of the report up to £120 if he felt it appropriate to change the salvage category on Mr P's car. It did however add that it is concerned that the company who provided the finance for Mr P's car may ask him to repay the finance in full if it finds out the car has been written-off and repaired. And that this might also invalidate the manufacturer's warranty.

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 both parties have agreed with my provisional decision I see no reason to depart from what I set out as the fair and reasonable outcome to Mr P's complaint in it.

I'm pleased that Haven have agreed to consider an alignment report from another garage if Mr P provides this and change the salvage category on his car if the engineer thinks it is appropriate to do so in light of the report. And I think it is reasonable for Haven to cover the cost of this report up to £120 if it does lead to a change in the salvage category of Mr P's car. I think £120 is a reasonable charge for this type of report and I wouldn't expect it to cost more than this.

I am also pleased that Haven has agreed to settle the storage charges direct with the repairer. Mr P should obtain an invoice from the repairer for these as soon as possible and send this to Haven with the repairer's payment details.

It is obviously Mr P's responsibility to let the finance provider for his car and the warranty provider know about the damage to it, the fact it has been written-off and the repairs to it. But I have noted Haven's concerns about this and would encourage Mr P to consider these things carefully before accepting my final decision.

Putting things right

For the reasons set out in my provisional decision and above, I've decided to uphold Mr P's complaint about Haven Insurance Company Limited and make Haven do the following:

- Pay Mr P £11,556.16 for the repairs to his car. Haven must pay this amount within 28 days of the date on which we tell it Mr P accepts my final decision. If it pays later than this it must also pay interest on it from the deadline date for settlement to the date of payment at 8% a year simple.*
- Re-imburse the cost of any extra repairs required to Mr P's car as a result of the accident giving rise to his claim that come to light, up to a maximum payment of £20,223 in total. This is subject to Mr P providing an itemised receipted invoice for the repairs carried out detailing the actual repairs carried out and the parts used, along with confirmation from the repairer those additional works weren't included in the estimate of £11,556.16 and were necessary as a result of the accident which is the subject of this claim. Haven must pay this amount within 28 days of the date on which Mr P provides the invoice and proof of payment. If it pays later than this it must also pay interest on it from the deadline date for settlement to the date of payment at 8% a year simple.*
- Settle all the storage charges outstanding for Mr P's car directly with Mr P's repairer once Mr P has provided it with an invoice from the repairer for these and their payment details.
- Consider an alignment report on Mr P's car from an independent garage if Mr P provides this and change the salvage category on his car from S to N if its engineer thinks this is appropriate in light of the report. Haven must also cover the cost of the report up to £120 if it leads to a change in the salvage category on Mr P's car. Haven must pay this amount within 28 days of the date on which Mr P provides proof of payment for the report. If it pays later than this it must also pay interest on it from the deadline date for settlement to the date of payment at 8% a year simple.*
- Pay Mr P £500 in compensation for distress and inconvenience. Haven must pay this compensation within 28 days of the date on which we tell it Mr P accepts my final decision. If it pays later than this it must also pay interest on it from the deadline date for settlement to the date of payment at 8% a year simple.*

* Haven must tell Mr P if it has made a deduction for income tax. And, if it has, how much it's taken off. It must also provide a tax deduction certificate for Mr P if asked to do so. This will allow Mr P to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.

My final decision

I uphold Mr P's complaint about Haven Insurance Company Limited and order it to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 1 May 2024.

Robert Short
Ombudsman