

The complaint

Mr O and Mrs S complain about a claim they made on their motor insurance policy with Haven Insurance Company Limited.

Reference to Haven includes its agents.

Mr O has done most of the communication throughout this complaint, so for ease of reading, in parts, I'll refer to him alone throughout this decision.

What happened

Mr O and Mrs S held a motor insurance policy with Haven. When their car was stolen, they made a claim. Haven accepted the claim and when the car was recovered, thought the car could be repaired.

But, after a lack of progress, Mr O received Notices of Prosecution and Penalty Charge Notices for the car being driven at high speed while supposedly in Haven's care.

It transpired that Haven - by way of its salvage agent - had sold the car instead of sending it to be repaired.

So, instead of repairing Mr O's car, Haven wrote it off and offered him an amount to settle the claim which it said represented the market value at the time of the incident. Haven initially offered Mr O £31,705. After Mr O disputed this amount, it increased it to £34,235.

Mr O also said there were personal items in the car at the time it was sold that he wanted Haven to pay for. Haven said the most it would pay for these was the policy limit.

Mr O wasn't happy with all of this and complained to us. He wasn't happy with the fact his car was sold when it should have been repaired and that he found out about this when he received notifications it was being driven at high speeds. He wasn't happy the car was written off and the way it was recorded. And he wasn't happy with the settlement of the claim, in respect of the value of his car and the fact the personal items were limited to the policy limit.

In February 2024, one of our Investigators recommended the claim be upheld. Ultimately, she agreed the car should never have been sold, and that doing so had impacted Mr O. She also thought the claim wasn't settled fairly and set out in her assessment what Haven needed to do to put things right.

Mr O accepted our Investigator's assessment. Haven, to date, haven't responded. So, the case has come to me.

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 also upholding it. Our Investigator sent a detailed assessment of the complaint to both Haven and Mr O back in February. Haven hasn't responded to that, so I've nothing to go on to understand what it thinks about that assessment. This is disappointing.

I don't intend to go into as much detail as our Investigator did. Instead, what I'll do is draw out what I consider to be the key considerations. And I'll set out clearly what Haven needs to do to put things right.

- Mr O's car clearly should not have been sold. It was identified as being repairable, and so should have been repaired. The fact that it wasn't is clearly an error on Haven's part.
- However, once the car was sold, it wasn't possible for it to be repaired. So, Haven should have done all it could to make sure Mr O wasn't impacted by its error. I'm not satisfied it did that here.
- There is a distinction to be made between what Mr O is covered for under the terms and conditions of his policy with Haven, and losses he's incurred as a result of Haven's actions (or inaction).
- To begin with, this claim should have involved repairing the car, not writing it off. So, in terms of recoding the claim on the Claims Underwriting Exchange (CUE), Haven should only record the initial repair estimate - £3,525, and the personal belongings limit - £250 as a claim cost. Everything else should be recorded as a complaint cost. I appreciate that the cost of repairing the car may have increased during the process, but because Haven sold the car, we'll never know that.
- Haven should cover the cost of the personal belongings Mr O has shown were still in the car after the theft. Settlement of these shouldn't be restricted to the policy limit because their loss isn't a result of the theft, but a result of Haven's error in selling the car.
- Haven should also record this claim as 'bonus allowed' on CUE and return Mr O's excess to him. This is because by selling the car before repairing it, it lost the opportunity to inspect it properly, which *could* have led to it being able to recover the costs from the party responsible for the theft. I appreciate the likelihood of that happening is slim, but the error of selling the car prevented even that small chance. So, it's not fair that Mr O takes the impact of that.
- Once the car was sold, I think paying Mr O the market value of the car was a reasonable way to go about settling the claim. But like our Investigator, I'm not satisfied Haven's offer is fair.
- Haven said it used three valuation guides, but its first offer was lower than all three of those guides. That in itself isn't fair. Haven should be offering a fair value from the start, and it shouldn't need Mr O to dispute that value in order for Haven to pay that fair offer.
- Haven's second offer is still below the highest available guide. And without any other supporting evidence, our approach is to use the highest valuation offered by the available guides. The highest available guide in this instance valued Mr O's car at £36,629. I've not been provided anything to suggest that's unfair, so, that's what I consider to be the market value of Mr O's car at the time of loss, and so that's what Haven should use to settle his claim.

- There was also a delay in getting this payment to Mr O. Haven made its first offer reasonably soon after discovering it had sold the car. But as set out above, that offer was too low, and it didn't make clear Mr O could have accepted payment of that offer while still disputing the valuation of his car. Furthermore, even after its increased offer it delayed payment. Ultimately the claim was raised in July, the car was sold in August, but no payment was made until November, and that's too long.
- While Mr O was without a car, he's incurred expenses in the form of travel without his car. He's said these amount to roughly £1,000 – which seems reasonable considering where he lives, the size of his family and the nature of the travel he had to pay for. While he wasn't entitled to a courtesy car under the policy, I consider most of this impact a result of Haven's error, not the original theft of the car. So, Haven should pay Mr O the extra he's had to pay as a result of its error.
- Haven also needs to cover the cost of any charges or fees Mr O has paid as a result of the car being sold up to the point our Investigator sent their assessment on 21 February 2024. I consider these a result of Haven's error in allowing the car to be sold when it should have been repaired. However, Mr O needs to provide evidence these charges or fees have been paid before Haven is required to reimburse him.
- Haven's handling of this claim has undoubtedly caused unnecessary stress to Mr O. His car should not have been sold, so while he's been paid its market value, he should have had the use of his own car. That not being the case has caused distress and having to source a new one – even with the funds to do so – is an inconvenience he wouldn't have had were it not for Haven's error. After realising its error, Haven hasn't taken appropriate ownership of the issue and as a result there's been delays in progression and payment, and the payment itself is unfair. As a result, like our Investigator, I think an award of £1,000 compensation seems reasonable.

Putting things right

Based on the above, there's a number of things Haven needs to do to put things right for Mr O and Mrs S. These are as follows:

- Increase the settlement of the claim by £2,394 – this is to take into account the market value of Mr O's car being £36,629
 - 8% simple interest should be added to this payment. Interest should be calculated from the date Haven made its first offer to the date it makes this settlement.
- Pay Mr O £950 as a reimbursement of his excess.
- Pay Mr O £464.22 for the personal items lost when the car was sold.
 - 8% simple interest should be added to this payment. Interest should be calculated from the date Haven made its first offer to the date it makes this settlement.
- Haven should also make a payment equivalent to 8% interest on its original offer of £31,705. Interest should be calculated from the date it made this offer in September, to the date it eventually made the payment in November.
- Pay Mr O £676.68 for the additional expenses he incurred while being without a car. This is made up of the £1,000 Mr O told us it cost him, less reasonable fuel charges

he would have incurred had he had use of his car (£323.32)

- Upon receipt of proof of payment by Mr O, reimburse him any charges and fees incurred between 22 August 23 when the car was sold, to 21 February 2024 when our Investigator sent their assessment.
- Record the claim on CUE with the original repair estimate as the cost involved and allow the bonus as set out above.
- Pay Mr O £1,000 for the distress and inconvenience caused.

My final decision

For the reasons set out above, I uphold this complaint. To put things right I require Haven Insurance Company Limited to take all the actions outlined in the section above entitled 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O and Mrs S to accept or reject my decision before 28 June 2024.

Joe Thornley
Ombudsman