

The complaint

Mr Y has complained about the delay on the part of Haven Insurance Company Limited in settling his claim under his Private Car Plus Insurance Policy. The policy covered his car, which he used for his business of doing deliveries.

Any reference to Haven includes its agents.

What happened

Mr Y made a claim for his car under his policy following an accident in February 2023. Because Haven thought the accident was the other driver's fault and Mr Y's car was a total loss it offered Mr Y what it describes as its 'straight to salvage' option. This meant his car went to Haven's salvage agent and Haven then tried to claim its market value (the replacement cost) from the other driver's insurer. And it then appointed a business to provide Mr Y with a hire car, with it claiming back the cost of this from the other driver's insurer. Mr Y had the hire car until he went on holiday. When he got back he contacted Haven about getting another hire car. It seems that by this time the other driver's insurer was disputing liability for the accident. From what Mr Y has said, it then took about two weeks for Haven to arrange a hire car for him under his own policy. And he had this from 13 to 21 April 2023. He then had to give this back and was without a car until around 13 May 2023 when he bought a replacement car. This meant he couldn't work for two weeks immediately after he got back from holiday and for a further three weeks after he had to return the hire car on 21 April 2023.

Mr Y complained to Haven, but wasn't happy with its response. So, he asked us to consider his complaint. One of our investigators did this. She said Haven hadn't explained the implications of using its straight to salvage option to Mr Y and that this had led to him making the decision to go with this option instead of claiming under his own policy. And that this in turn had led to him being without a car for a period of time. She said Haven should cover Mr Y's loss of earnings in this period and pay him £300 in compensation for distress and inconvenience.

Haven didn't accept the investigator's view. It said that Mr Y didn't actually claim on his policy until 9 June 2023 and so it didn't think it should cover his loss of earnings prior to this.

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've decided to uphold it for the same reasons as our investigator.

Haven seems to have missed the main point of our investigator's view. This is that if it had explained Mr Y's options to him properly when he first contacted it about the damage to his car he would most likely have opted to claim under his policy, as opposed to going with its straight to salvage option. And I agree with this. This would have meant he'd have received a total loss settlement for his car, less his policy excess, much sooner. And he could then

have replaced it and let his policy continue to cover the replacement car. Instead of this Mr Y ended up with a hire car for the period before his holiday. But he then had a period of five weeks after his holiday without a car at all. This would not have happened if he'd claimed under his own policy, as he'd have been able to buy a replacement car much sooner.

Mr Y may have been without a car for a short period in the time it took Haven to sort out his total loss settlement if he had claimed under his policy, but it's possible he wouldn't have been without one if settlement had been sorted quickly. So I do not think it is necessary for this to be reflected in what I'm requiring Haven to do to put things right.

In the circumstances, I think Mr Y was without a car for five weeks due to Haven not explaining his options to him properly when he contacted it to claim for the damage to his car. And this meant he couldn't work in this period as a delivery driver. Mr Y also experienced distress and inconvenience, which I think he needs to be compensated for as well.

Putting things right

For the reasons set out above, I've decided to uphold Mr Y's complaint and make Haven do the following:

- Pay Mr Y compensation for his loss of earnings for the periods he was without a car after he got back from holiday up until he got a replacement car. This seems to be a period of five weeks, but Haven will need to verify the number of weeks with Mr Y. And Mr Y will need to provide evidence to show what his normal income from deliveries would have been in this period, less any savings he made due to not using his car, i.e. he will need to show what his net profit would have been.
- Haven should also pay Mr Y interest on these earnings from the end of each week he would have earned the net profit to the date of payment. Interest should be at 8% per annum simple.* This is to compensate Mr Y for being without this money.
- Pay Mr Y £300 in compensation for distress and inconvenience. Haven must pay the compensation within 28 days of the date on which we tell it Mr Y accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

* Haven must tell Mr Y 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 Y if asked to do so. This will allow Mr Y to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.

My final decision

I uphold Mr Y's complaint and order Haven Insurance Company Limited 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 Y to accept or reject my decision before 28 October 2024.

Robert Short
Ombudsman