

The complaint

Mr B has complained about the fact that Haven Insurance Company Limited cancelled his commercial vehicle insurance policy and refused to deal with his claim for damage to it on the basis he didn't tell it his truck was modified. He's also complained about the amount Haven offered in settlement of his claim before it decided to cancel his policy and turn it down.

Any reference to Haven includes its agents.

What happened

Mr B's truck was damaged in an accident at the end of January 2024 and he made a claim under his policy. Haven assessed the damage to his truck and decided to write it off. It offered to settle his claim based on a pre accident market value of £5,789 and it offered this less the excess and the remainder due under the premium instalment plan Mr B had taken out to pay the policy premium. Mr B said he wasn't happy with Haven's valuation and asked for it to be reviewed. He also asked if he could retain his vehicle. Haven told him it would ask its engineer to reconsider the valuation and that it wouldn't let him retain the vehicle, as it would become its property once it had settled his claim.

Haven then told Mr B he'd failed to tell it his truck had been modified when he took out his policy and that it was cancelling his policy with effect from 27 February 2024 and rejecting his claim. It also sent him a letter confirming the cancellation and saying Mr B had to pay the outstanding amount due under his instalment plan because he'd made a claim under his policy. It then sold Mr B's truck to its salvage agent despite the fact it had turned down his claim.

Mr B complained to Haven. It issued a final response in which it said its decision to cancel his policy and reject his claim was correct.

Mr B asked us to consider his complaint and one of our investigators did this. He said Haven wasn't entitled to cancel Mr B's policy, as it seemed he had told Haven his truck had been modified when he took out the policy. He said Haven needed to reinstate the policy and deal with Mr B's claim for his truck, as well as paying him £750 in compensation for distress and inconvenience.

Haven responded to say it didn't agree with the investigator's view, but it didn't say why this was. And it asked for an ombudsman's decision.

I issued a provisional decision on 23 September 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.

Having done so, I've provisionally decided to uphold it and make Haven settle Mr B's claim and compensate him for the financial impact its unreasonable approach has had on him.

In my opinion Haven has got numerous things wrong during the course of handling Mr B's

claim and complaint.

Starting with the cancellation of Mr B's policy. Firstly, Haven hasn't explained exactly what modifications to his truck Mr B failed to declare. And when our investigator pointed out the only modification he could see was the fact it was a tipper truck and this appeared to be exactly what Mr B had told Haven it was, it didn't comment on this at all and instead just said it disagreed. I agree with our investigator that Haven hasn't provided any evidence at all to show that Mr B failed to declare his vehicle had been modified and that he failed to make a fair presentation in accordance with his obligations under the Insurance Act 2015 when he took out the policy with Haven. His truck is shown as a tipper on the statement of fact and this is exactly what it appears to be.

Also, even if Haven could show Mr B failed to make a fair presentation when he took out his policy and that this gave it the right to avoid his policy, which, as I've already explained it hasn't, it cancelled his policy from 27 February 2024, as opposed to avoiding it from when it started. This means it was still providing cover at the point Mr B's truck was damaged and that it was still obliged to deal with his claim. Plus, even though the policy terms did give Haven the right to give Mr B notice and cancel his policy, it should only have done this if it had a good reason to do so. And, as far as I can see, it didn't.

So, as part of the fair and reasonable outcome to Mr B's complaint I require Haven to remove any record of the cancellation of Mr B's policy from its records and any central databases it recorded it on and settle his claim under the terms of the policy. I have set out later in this decision what I expect it to pay in settlement of Mr B's claim.

I'm also concerned that despite turning down Mr B's claim Haven wrote to him and told him he needed to pay the remaining amount due under his instalment plan for the premium. Firstly, this was incorrect because it had turned down his claim. Secondly, it seems likely Mr B borrowed the money to pay the premium and then paid back what he'd borrowed by instalments. So, even if Haven had settled his claim and then cancelled his policy, it should just have let the instalment plan run its course. In any event, as a matter of good insurance practice, if Haven had accepted Mr B's claim it should have offered him the option to have the policy continue and insure the vehicle he bought to replace his damaged truck on it for the remainder of its term.

It is also very concerning that Haven told Mr B he couldn't retain his vehicle if he wanted to, as we'd expect an insurer to allow this if the customer asks to do so, albeit with a deduction being made from any claim settlement to reflect what the insurer would have got from its salvage agent for the damaged vehicle. But it's even more concerning that, despite turning down Mr B's claim, Haven sold his vehicle to its salvage agent. After all, as it hadn't paid his claim the vehicle still belonged to Mr B, so Haven had no right to sell it.

Turning now to what Haven should pay in settlement of Mr B's claim. I've assumed Mr B isn't registered for VAT and I've checked the valuation guides we use for valuing vehicles. And – inclusive of VAT - the highest valuation provided is £6,968. To ensure Mr B gets the right amount for his vehicle I think Haven needs to settle his claim based on the highest guide value. I appreciate Mr B paid a lot more than this for the vehicle and he said its value was £8,500 when he took out the policy. But he did not buy an agreed value policy and what he paid for it did not necessarily reflect what he could have purchased a similar vehicle for if he'd shopped around. This means I consider Haven needs to use a value of £6,968 to settle Mr B's claim. There is an excess to be deducted of £750. So this means I think Haven needs to pay Mr B £6,218 in settlement of his claim. The outstanding amount due under the premium instalment plan doesn't need to be deducted because Mr B has presumably now paid the remaining premium instalments or paid what was outstanding when his policy was cancelled. Or, if the plan was cancelled and Mr B didn't pay what was outstanding, this debt

should be cleared by Haven on the basis Mr B lost the benefit of the remainder of the policy because of Haven's actions.

Haven must also pay interest at 8% per annum simple on the amount due to Mr B in settlement of his claim to compensate him for being without these funds. Interest should be paid from when Haven made its offer to settle Mr B's claim to when it actually pays him what is due.

I've also considered the financial impact Haven's incorrect decision to turn down Mr B's claim has had on him. He's managed to carry on working as he hired a vehicle when he needed one at about £150 per week. He would not have incurred this expense if Haven had settled his claim as it should have done. So, Haven should reimburse what Mr B paid for the hire vehicle, plus interest at 8% from when he paid each amount. But this is subject to him providing invoices and/or proof of payment.

I've also considered the impact in terms of distress and inconvenience Haven's extremely poor approach has caused to Mr B. And I think it is very significant. It is now nine months since his claim and this whole nine months of inconvenience, combined with the distress of Haven's incorrect approach, all flows from its apparent lack of understanding of its rights and its failure to treat Mr B fairly as its customer. And I think this warrants a compensation payment of £1,000.

My provisional decision

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

- *Pay Mr B £6,218 in settlement of his claim, plus interest at 8% per annum simple from the date it made its settlement offer to him to the date of payment.*
- *Remove any record of the cancellation of Mr B's policy from its records or any central databases it has placed it on.*
- *Reimburse what Mr B has paid to hire a vehicle, plus interest at 8% per annum simple on each payment he has made for this from the date he made each one to the date of payment. This is subject to Mr B providing invoices and/or proof of payment.*
- *Pay Mr B £1,000 in compensation for distress and inconvenience.*

I gave both parties until 7 October 2024 to provide further comments and evidence in response to my provisional decision.

Both parties have said they have no further comments or evidence to provide and Mr B has said he is happy with what I have provisionally decided.

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 neither party has provided any further comments or evidence in response to my provisional decision, I see no reason to reach a different conclusion on the fair and reasonable outcome to Mr B's complaint to the one I set out in it.

Putting things right

For the reasons set out in my provisional decision, I've decided to uphold Mr B's complaint and make Haven do the following:

- Pay Mr B £6,218 in settlement of his claim, plus interest at 8% per annum simple from the date it made its settlement offer to him to the date of payment.
- Remove any record of the cancellation of Mr B's policy from its records or any central databases it has placed it on.
- Reimburse what Mr B has paid to hire a vehicle, plus interest at 8% per annum simple on each payment he has made for this from the date he made each one to the date of payment. This is subject to Mr B providing invoices and/or proof of payment.
- Pay Mr B £1,000 in compensation for distress and inconvenience.

My final decision

I uphold Mr B'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 B to accept or reject my decision before 29 October 2024.

Robert Short
Ombudsman