

The complaint

Mr H has complained that Saffron Insurance Services Ltd told him that he had an agreed value policy for his van when he didn't.

What happened

Saffron arranged a policy to cover Mr H's catering van. When it did so Mr H said the value of the van was £50,000. And he felt he'd made it clear he wanted a policy under which this was the agreed value. When he got the policy documents they showed a value for the van of £50,000, but said it was not an agreed value. When Mr H called Saffron about something else he queried the fact the policy documents didn't show an agreed value. And the agent referred him to the fact the value on the documents was £50,000. So Mr H was under the impression he had an agreed value policy with a value of £50,000.

Mr H's van was then damaged in an accident and he made a claim for it. His insurer made it clear he didn't have an agreed value policy. It decided Mr H's van was a write-off, but didn't offer what Mr H thought it would cost to replace his van. He complained to the insurer. And he also complained to Saffron. Saffron said it was satisfied the policy documents were clear on the fact that Mr H did not have an agreed value policy. And it felt he should have realised this. So, it didn't uphold his complaint.

Mr H's insurer acknowledged that the agent at Saffron had misled him and said that it would treat the value of £50,000 as an agreed value. However, it then decided it wouldn't do this and made Mr H an offer he wasn't happy with. Mr H complained to his insurer, but it wouldn't offer what he wanted in settlement of his claim, so he asked us to consider his complaint. We did this and eventually I issued a final decision requiring the insurer to settle his claim based on a pre-accident market value of £34,917.

In the meantime, one of our investigators said that the fair and reasonable outcome to Mr H's complaint about Saffron was for it to pay him £250 in compensation for distress and inconvenience. She had gained its agreement to do this before putting this to Mr H. This was on the basis that, while she agreed Saffron's agent had given Mr H the impression he had an agreed value policy, this had not prejudiced his position. This was because she felt if an insurer had been asked to provide Mr H with an agreed value policy it would have assessed the market value of his van and decided it wasn't £50,000.

Mr H has asked for his complaint to be reviewed by an ombudsman. He doesn't think the compensation Saffron has offered is enough, bearing in mind all the phone calls he has made and the stress the whole matter has caused him.

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.

First of all, I should make it clear that I think Saffron's agent gave Mr H the impression he had an agreed value policy for his van with an agreed value of £50,000 when Mr H queried

what was on the policy documents. So, Mr H understandably thought this is what he had.

And it would have been very distressing for Mr H to find out this wasn't the case. However, I think in reality Mr H could never have purchased a policy for his van with an agreed value of £50,000. This is because I think it is fair to say that any insurer who was asked to provide such a policy would have assessed the value of Mr H's van. And, based on its value at the point it was damaged, I think it is also fair to say the insurer wouldn't have concluded its market value was £50,000. And I think it is most likely it would have concluded it was around £34,000 to £35,000. I say this because it was damaged in July 2023 and I doubt its market value would have changed much at this point from what it was in May 2023. And in July 2023 its market value was £34,917.

In view of this, I don't think Mr H has lost out financially because of being misled by Saffron's agent. But I do think he suffered distress and inconvenience because of it. This having been said, I believe the vast majority of the distress and inconvenience Mr H experienced was due to the insurer's handling of his claim. And I made an award for this in my final decision on his complaint about his insurer. So I'm satisfied what Saffron has offered is fair.

Putting things right

I'm satisfied that £250 in compensation is appropriate for the distress and inconvenience he experienced because of Saffron's error. So I think this is what Saffron needs to pay as the fair and reasonable outcome to Mr H's complaint.

My final decision

I uphold Mr H's complaint about Saffron Insurance Services Ltd and order Saffron to pay him £250 in compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 December 2024.

Robert Short
Ombudsman