

The complaint

Mr D has complained about the way Haven Insurance Company Limited has handled his claims under his Taxi Insurance policy and his Guaranteed Taxi Hire Insurance policy.

Any reference to Haven includes its agents.

What happened

Mr D's vehicle, which he used as a taxi, was damaged in an accident and he contacted Haven to make a claim on 5 June 2024. Initially, Haven appointed one of its approved repairers to collect Mr D's vehicle for repair and instructed a company, who I'll refer to as S, to arrange a replacement taxi for him on credit hire. However, when Mr D was contacted by S and asked to provide information he wasn't expecting to be asked for, he refused and contacted Haven. Haven then tried to arrange a replacement vehicle for Mr D under his Guaranteed Taxi Hire policy. But it was unable to do this, so it decided to make a one-off payment to Mr D of £2,520, which represented what it said was the cost of hiring a replacement vehicle for 21 days. The policy says the maximum period a replacement vehicle will be provided for is 21 days.

Mr D then contacted Haven to let it know that the approved repairer hadn't collected his vehicle. And it still hadn't collected it by 11 June 2024. Haven appointed another approved repairer to collect Mr D's vehicle and repair it. As it happened, Mr D took the vehicle to this repairer and repairs on it started on 18 June 2024. They should have been completed by 12 July 2024, but there was a delay in getting a replacement door and the repairs were not actually completed until 15 August 2024, when Mr D's vehicle was returned to him.

When Mr D got the vehicle back there were faults indicated as being present by the vehicle's computer. He raised this with Haven and it told him to take the vehicle to a specialist manufacturer garage to have it checked. Mr D said this garage told him the faults were likely to have occurred due to the accident and he wanted Haven to cover the cost of putting them right. Haven refused to do this on the basis it did not think the faults were related to the accident giving rise to Mr D's claim. And, as things stand, Mr D hasn't been able to afford to get his vehicle back on the road. This means he has not had any income from his job as a taxi driver since 5 June 2024 when his vehicle was damaged.

Mr D complained to Haven about all these things over a period of time and Haven has agreed that I can consider them all in this decision. Our investigators considered Mr D's complaint about the initial delay on Haven's part in repairing Mr D's vehicle and his complaint about Haven's refusal to cover the cost of fixing the faults.

On the first aspect, our investigator said Haven should pay Mr D more in respect of hire costs and some compensation for the fact Mr D had to take his vehicle to the second repairer. And another investigator said she thought Haven's view that the faults were not accident related was reasonable.

Mr D wasn't happy with either of our investigators' views and pointed out the severe financial impact Haven's handling of his claim has had on him and his family.

I issued a provisional decision on 24 October 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.

I think the repairs to Mr D's vehicle took longer than they should have done for two reasons. Firstly, because the first approved repairer failed to pick up Mr D's vehicle quickly enough. I think it should have picked it up on 6 or 7 June and started the repairs soon after this. Instead of this, Mr D's vehicle did not get to a repairer until 12 June and the repairs did not start until 18 June 2024. So, I think there was an unnecessary delay of around a week in this period. The second reason the repairs took longer than they should have done was the delay in getting a part needed to complete the repairs. And, while this may well have been unavoidable, I do not think it was fair for Mr D to be left without a vehicle because of it. I think in this situation in order to treat him fairly as a customer Haven should have arranged and paid for a replacement vehicle for him.

As I see it, if Haven had handled Mr D's claim as it should have done the repairs to his vehicle would have started on 10 June 2024, as 8 and 9 June was a weekend. And they should have taken three weeks. This is based on the fact that if it had not been for the parts delay Haven's estimated time for the repair was around three weeks, which seems reasonable bearing in mind the extent of the damage. This period also ties in with the 21 days allowed for a replacement vehicle under Mr D's Guaranteed Taxi Hire policy. This means if everything had gone as it should have done, Mr D would have got his vehicle back on 1 July 2024. Instead, he got it back on 15 August 2024. I appreciate some of the delay was down to the delay on the part, but – as I've said – Mr D should have had a replacement vehicle to cover this part of the delay.

This means that initially Mr D was without a vehicle for a period of six weeks due to Haven's failings and I think he needs to be compensated for the financial loss he suffered in this period. He has provided some evidence from his work as a taxi driver in a previous period to show what he would have earned. But I think it is hard to know from this for sure what Mr D would have earned if he'd had his vehicle available. I say this, as the evidence he has provided is for periods of one, two or three days. And it is not clear what hours Mr D would have been working if his vehicle hadn't been damaged. But I think based on the evidence Mr D has provided it is fair to say he'd have earned at least £400 per week net allowing for the cost of fuel if he'd had a vehicle in the abovementioned period. This means for the initial period of six weeks Mr D was without a vehicle I think it is fair and reasonable for him to receive compensation of £400 per week, plus interest on each of these payments from the end of each week they represent starting the week ending 5 July 2024. This means Mr D will receive a payment of £2,400, plus interest for this period.

I don't think anything needs to be deducted to reflect what Mr D received under his Guaranteed Taxi Hire policy, as he was entitled to this to cover the cost of hiring a replacement vehicle in the period the repairs should have taken. Although, I agree with our investigator that Haven should pay Mr D an additional £252 plus interest in this regard, as the policy documents suggest this is what it would have cost for a like for like replacement vehicle over a period of 21 days. The policy is actually very unclear on what Haven should pay if it can't provide a suitable replacement, as it just refers to it paying 'transportation costs'. And this could easily be taken to mean what it would cost Mr D to hire a suitable replacement, which he has said was £225 per day. And I have no reason to doubt this. But, as things worked out, Mr D did not hire a vehicle in the first period after his claim and I think a payment of the replacement cost for a like for like vehicle as set out in the policy documents is fair in the circumstances.

Turning now to the faults that came to light when Mr D got his car back. Firstly I should say that I don't think this issue was properly investigated by Haven. The reality is that Haven's repairer had carried out an extensive repair to Mr D's vehicle after a major impact. It then returned it to him with faults without any apparent investigation. And it just assumed the faults pre-existed the accident. Then when Mr D raised this, Haven put the onus on him to prove any faults were accident related. And I don't think this approach was fair. I think it was for Haven to investigate the issues properly and demonstrate to Mr D that any faults were not accident related, instead of expecting him to take it to a specialist garage to have it investigated.

Obviously, I am not an expert and it is hard to tell from the fault read out Mr D has provided from the specialist garage whether the faults with his vehicle are due to the accident. But, in the absence of a proper investigation by Haven, I think Mr D should get the benefit of the doubt. Especially, as his vehicle had passed an MOT just before it was damaged and none of the faults identified after the accident were noted. This means I think it is fair to say Haven should have arranged for the faults present when the vehicle was returned to Mr D to be fixed and provided Mr D with a replacement vehicle until this had been done.

So, I think it's fair and reasonable for Haven to take Mr D's vehicle back and arrange and pay for any faults on it to be fixed. It should also provide Mr D with a suitable replacement vehicle, which enables him to work while this is done. If it doesn't provide a suitable replacement vehicle Haven must pay Mr D £400 per week until the faults with his vehicle are fixed, plus two weeks to allow for him to get it checked and approved by the relevant authorities once he gets it back with the faults fixed.

Haven must also reimburse what Mr D has paid to have any diagnostic checks carried out on his vehicle and any other work he has had carried out on the faults, plus interest at 8% per annum simple from the date he paid the amounts to the date of payment. This is subject to Mr D providing Haven with the appropriate invoices for these.

If Haven had acted appropriately once it found out about the faults, Mr D would have been able to work in the whole period from 1 July 2024 to date and would not have lost revenue because he could not. This means I think Haven also needs to pay him further compensation of £400 per week for the period 12 August 2024 until it provides him with a suitable replacement vehicle he can use for work or he has his vehicle back with the faults on it fixed and has had two weeks to get it checked and approved. I have used 12 August 2024 as the starting point, as this is the start of a full week. Haven also needs to add interest to each of these payments at 8% per annum simple from the end of each week starting on 16 August 2024 to compensate Mr D for being without these funds. As things stand this means Mr D will be due a further compensation payment of around £4,000, i.e. around £6,400 plus interest in total. But it could be more than this depending on whether Haven provides him with a replacement vehicle he can start using for work straight away or whether he has his vehicle available to use.

I have also considered the significant amount of distress and inconvenience Haven's poor handling of Mr D's claim has caused him over a long period. It has left him in extreme financial difficulty and he has been unable to maintain the payments for his policy. And he was told his policy would be cancelled because of this. However, bearing in mind the significant amount I think Haven needs to pay as compensation for the financial impact, I think a payment of £750 in total as compensation for distress and inconvenience is appropriate.

My provisional decision

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

- Arrange and pay for any faults on Mr D's vehicle to be fixed and provide him with a like for like replacement vehicle he can use for work while this happens. If it doesn't provide a replacement vehicle it must pay Mr D £400 per week until his vehicle is fixed and he has had a further two weeks to get it checked and approved by the appropriate authorities.*
- Haven must also reimburse what Mr D has paid to have any diagnostic checks carried out on his vehicle and for any other work on the faults, plus interest at 8% per annum simple from the date he paid the amounts to the date of payment. This is subject to Mr D providing invoices for these.*
- Pay Mr D a further £252 to cover the cost of hiring a replacement vehicle in accordance with Mr D's Guaranteed Taxi Hire policy, plus interest at 8% per annum simple from the date it made the payment of £2,520 to him to the date of actual payment.*
- Pay Mr D compensation for the net income he has lost due to its poor and unreasonable handling of his claim, including interest, as set out above.*
- Pay Mr D £750 in compensation for distress and inconvenience.*

I gave both parties until 7 November 2024 to provide further comments and evidence.

Mr D provided some further comments. He said he is happy with my provisional decision generally, but he'd prefer his vehicle to go to a manufacturer garage to have any faults rectified. He also said he'd rather have a payment for each further week he is without his vehicle, as opposed to Haven providing a replacement.

Mr D also made some other comments around when the payment covering his loss of income would start and around the difficulty the garage will have with working when the faults on his vehicle occurred. Mr D has also said he would normally earn more than £400 per week, but he hasn't provided any further documentary evidence to show this.

Mr D also said the road tax on his vehicle has expired and he doesn't have enough money to renew it. So, as things stand, he can't drive it to the manufacturer garage for a diagnostic check.

In view of what Mr D had said I wrote to Haven and said I thought Mr D's suggestion that his vehicle should go to a manufacturer garage was reasonable. And that I was also likely to award £400 per week to cover Mr D's loss of income until his vehicle has been fixed instead of requiring it to provide a replacement vehicle.

Haven has provided the following further comments:

- It has said that it was never provided with a diagnostic report confirming the faults on Mr D's vehicle were accident related. And, if it had been provided with this, it would have paid for the report and for the faults to be fixed. It has pointed out its engineer said the faults weren't incident related and that the headlight module is nowhere near the area where Mr D's vehicle was damaged.*
- It's said that it is not against Mr D's vehicle going to a manufacturer garage, but if it does, it would rather provide him with a replacement vehicle than pay him £400 per week, as it*

will have no control over how quickly this garage takes to do the work required.

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.

I've noted the comments of both parties and I should say at the start of this section that I think the most important consideration in determining the fair and reasonable outcome to Mr D's complaint is the best way to get his vehicle fully repaired and back in use as a taxi.

According to the read outs I've seen there were three faults showing on the vehicle's computer when it came back to Mr D. Of these I think it is most likely the faults with the headlight module and the active brake assist were due to the accident. I say this because the vehicle suffered a significant impact and I think this can upset its systems and cause faults on items not actually in the area of impact. And it seems to me that the problem with the brake assist is linked to collision prevention, which I assume was activated as a result of the impact. In view of this, I think Haven should have accepted these faults were accident related and paid for them to be fixed, as opposed to insisting Mr D got a report from a manufacturer garage to prove they were. There was also a fault with the power to the back-up camera, but I don't really see how a low power issue can be accident related.

However, from what Mr D has said there are now some other faults showing. And the only way to properly check what faults there are on the vehicle is for the manufacturer garage to carry out a full diagnostic check. And, from what Mr D has said, this may not be possible immediately. Bearing in mind what has happened and Haven's approach to the two faults I think were accident related, I think as part of the fair and reasonable outcome to this complaint Haven needs to pay for these two faults to be fixed and for a full diagnostic report to be provided by the manufacturer garage with as much detail as possible, as soon as possible. I can't see any reason why Haven shouldn't be able to arrange this with the garage, subject to Mr D actually taking his vehicle there at the time agreed. And if Mr D accepts this decision and Haven makes the payments due to him promptly, he will then have the money he needs to tax the vehicle so he can drive it. If the full report shows up further faults that are accident related Haven must also pay to have these fixed. If the faults are clearly not accident related Mr D will need to pay for these to be fixed.

I think because the dispute around outstanding faults really only occurred because Haven wouldn't agree to accept that two of the faults identified when the vehicle came back to Mr D were accident related, it is also fair and reasonable for Haven to provide a replacement vehicle to Mr D which is the same model and specification and which is licensed for him to use as a taxi straight away as soon as possible. I appreciate Mr D would prefer a payment, but I think it is fair for Haven to be given the chance to provide a vehicle if it can. It must provide this until two weeks after the diagnostic report is complete and any accident related faults have been fixed and paid for. This is because Mr D will need a couple of weeks to get his vehicle MOT'd and licensed once the faults are cleared. If there are other faults which Mr D needs to pay to have fixed, Haven can either pay the garage direct for the faults it needs to pay for once they have been fixed and then take away the replacement vehicle two weeks after this or it can provide the money to Mr D to pay for them to be fixed and remove the replacement vehicle two weeks after the accident related faults have been fixed and paid for.

I appreciate this is not a straightforward matter, but, as I've said, the key is getting Mr D's vehicle fixed and him back to work. And sorting it out will require some co-operation from Mr D and the garage, but if they all work together I am confident it can be sorted out.

The replacement vehicle Haven provides must be like for like, i.e. the same make and model as Mr D's vehicle. If Haven can't provide such a vehicle it will need to pay Mr D £400 per week to cover his loss of earnings up to two weeks after the accident related faults have been fixed and paid for.

I see no reason to alter my view on what Haven should pay for Mr D's loss of earnings up to the date of this decision. I explained in my provisional decision why I thought Mr D's vehicle should have been repaired with any faults resolved and back available for him to use with effect from 1 July 2024. In view of this, I think Haven needs to pay Mr D £400 per week to cover Mr D's loss of earnings from the week ending 7 July 2024 to the week ending 10 November 2024. It will also need to add interest to each amount due at 8% per annum simple from the end of each week up to the date it makes the payment to Mr D. I make the period concerned 19 weeks, but Haven should check this.

Haven will also need to continue paying Mr D £400 per week from 11 November 2024 onwards until such time as it provides Mr D with a suitable replacement vehicle he can use for work or, if it can't provide a suitable replacement vehicle, as above, to two weeks after a full diagnostic report has been provided by a manufacturer garage and the faults that are accident related have been fixed and paid for.

I've noted what Mr D has said about his likely earnings, but I'm satisfied £400 per week is fair for the reasons given in my provisional decision.

I also see no reason to alter my view that Haven should pay Mr D £750 in compensation for the distress and inconvenience he has experienced.

I also see no reason to alter my view on the other amounts I said Haven should pay Mr D in my provisional decision towards the cost of a replacement taxi at the outset and to reimburse him for diagnostic checks he paid to have carried out, plus interest.

Putting things right

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

- Pay for a full diagnostic check to be carried out and a report produced at a manufacturer garage.
- Arrange and pay for any accident related faults, including the two I have said are accident related, to be fixed.
- Provide Mr D with a like for like i.e. the same make and model, replacement vehicle he can use as a taxi as soon as possible.
- Pay Mr D £400 per week, plus interest as set out above from the week ending 7 July 2024 to the week ending 10 November 2024.*
- If Haven doesn't provide Mr D with a suitable replacement vehicle it must continue to pay him £400 per week for loss of earnings until two weeks after the diagnostic report on his vehicle has been provided and any accident related faults have been fixed and paid for.
- Pay Mr D a further £252 to cover the cost of hiring a replacement vehicle at the outset as per his Guaranteed Taxi Hire policy, plus interest from the date it made the payment to him of £2,520 in this regard to the date of actual payment.
- Haven must also reimburse what Mr D has paid to have any diagnostic checks carried out on his vehicle, plus interest at 8% per annum simple from the date he paid the amounts to the date of payment. This is subject to Mr D providing invoices for these.
- Pay Mr D £750 in compensation for distress and inconvenience. Haven must pay this compensation within 28 days of the date on which we tell it C 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 D 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 D if asked to do so. This will allow Mr D to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.

My final decision

I uphold Mr D's complaint about Haven Insurance Company Limited and require 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 D to accept or reject my decision before 4 December 2024.

Robert Short
Ombudsman