

The complaint

Mr P has complained about the way his commercial vehicle insurer, Haven Insurance Company Limited ('Haven'), dealt with a claim he made on his policy and says that the offer made to him for the market value of his van was too low.

What happened

In March 2024 Mr P was involved in a road traffic accident which rendered his van a total loss. Mr P said that he let Haven collect his van the day after the accident and that, without inspecting it, it told him it would be a category B (not suitable for repairs -for breaking up only) total loss. He said he wanted the opportunity to keep his van and sell it for scrap but wasn't allowed to.

Haven gave Mr P a £7,251 valuation for his van which he thought was lower than what the van was worth. Mr P complained and said that he had taken out a hire purchase agreement and wanted Haven to pay the full amount that was due under the agreement; the settlement figure being £9,432.48. He added that the offer it made him didn't cover the outstanding amount, so he had to continue making finance payments without having his van as well as still paying towards his insurance.

Haven made an interim payment of £6,000 to the finance company in early May 2024 and confirmed Mr P's outstanding premium at that point was £294.02.

Haven responded to Mr P's complaint around the middle of May 2024, but it didn't uphold it. It said the valuation of £7,251 was the maximum it could offer him based on trade valuation guides. It added that it had looked at other vans for sale at the time but the only example it could find was a van with significantly lower mileage. It said it wouldn't pay VAT on the settlement amount as Mr P is VAT registered and would have already reclaimed this when he purchased the vehicle.

Mr P then brought his complaint to our organisation. He said he was led to believe that Haven would pay off the outstanding finance on his car. He said he would have been ok with Haven's offer if he had been allowed to keep his van and sell it for scrap to pay off his outstanding finance.

One of our investigators reviewed the complaint but didn't think it should be upheld. In terms of the valuation offered to Mr P she thought this was fair and reasonable and in line with valuations produced using trade valuation guides. She said under the policy Haven was obliged to pay the market value i.e., the value of a van with similar specification, mileage etc., and not necessarily settle the outstanding finance. Our investigator considered adverts

provided by Mr P but she said she found the valuation guides to be more persuasive. She noted that Haven had, by that point, paid £6,206.98 towards the finance agreement.

Our investigator said that as the van was a category B salvage we'd need evidence that Mr P had the required salvage authority and specialist knowledge to be able to break the van up for parts and dispose of it appropriately. She thought it was reasonable that Mr P's van wasn't sold back to him in the circumstances.

In terms of any outstanding premiums our investigator noted that the outstanding amount of £294.02 was deducted from the settlement amount and paid to Mr P's broker. She referred Mr P to the broker for any outstanding premium complaints. She also acknowledged that Mr P was initially incorrectly advised that his excess was £900 when it was in fact £750. She said this was the amount Haven ultimately deducted from the settlement.

Our investigator also thought that Haven was acting fairly and reasonably in not adding VAT to the settlement figure and agreed with the reasons it provided.

Mr P didn't agree with our investigator and asked for an ombudsman's decision. He said he was still unhappy that the outstanding balance on his finance agreement wasn't fully settled by Haven.

The matter was then passed to me to decide.

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.

The policy

The terms and conditions of Mr P's policy say, among other things, that if the insured vehicle is beyond economic repair (i.e., deemed to be a total loss) Haven will provide its customer with settlement of the vehicle's market value up to the limit of coverage after deducting the excess.

The policy defines the market value as *"The cost of replacing Your Vehicle with one of similar make, model and specification, taking into account the age, mileage and condition of Your Vehicle. To determine the Market Value, We will typically request the advice of an engineer and refer to guides and any other relevant sources."*

The policy also says that if a settlement is made for the market value of the vehicle, then it becomes Haven's property and that any outstanding premiums will be deducted from the settlement due.

The policy also excludes VAT which is payable on any monetary settlement made by Haven if the customer is VAT registered.

The vehicle valuation

Our service has an approach to valuation cases like Mr P's that has evolved in recent times. When looking at the valuation placed on a car or a van by an insurance company, I consider the approach it has adopted and decide whether the valuation is fair in all the circumstances.

Our service doesn't value vans. Instead, we check to see that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we tend to use relevant valuation guides. I usually find these persuasive as they're based on nationwide research of sales prices.

Haven used two of the four motor guides we use. We consulted the guides ourselves and they returned valuations of £6,567, £5,975, £7,251 with one returning no results. The two guides Haven used produced values of £5,935 and £7,251. I've also reviewed the valuations our investigator got and they are broadly in line with the valuations Haven used so I'm satisfied that these valuations are for Mr P's car. I think the valuations are fairly close to each other and I, therefore, didn't consider any to be an outlier. So I haven't discounted any of them.

Haven valued Mr P's van at £7,251 which is the highest of the three valuations. Haven hasn't provided us with any further evidence in support of its valuation.

Mr P has provided three adverts ranging between £7,995 and £9,500 all excluding VAT which I have considered. The adverts were of similar make and model vans as Mr P's but with significantly lower mileage. So, I didn't consider them to be persuasive evidence in support of Mr P's argument that the van is worth more than what Haven offered him. Also, the price that a van is advertised for isn't necessarily the price it will sell for which is often lowered further to negotiation.

Given there isn't any other evidence to persuade me that a valuation in line with the higher valuations produced is inappropriate and to avoid any detriment to Mr P the highest valuation produced by the guides is my starting point. It follows that looking at the valuations produced by the guides I'm of the view that Haven's offer of £7,251 is fair.

Other complaints

Mr P said he wasn't happy that VAT wasn't added to the settlement offer Haven made him. As our investigator said, as Mr P is VAT registered he would be able to claim the VAT back so we think it is fair and reasonable that Haven hasn't paid this. Also, this is something stipulated in its terms and conditions.

Mr P wanted to retain the van and said he could have sold it for scrap. Haven's policy says that once a settlement is made the vehicle becomes its property. Nevertheless, we would ordinarily expect an insurer to give their customer the opportunity to buy their vehicle back if they wished. However, as our investigator said, the van was a category B salvage which meant it could only be broken into parts and couldn't go back on the road. So, in these very specific circumstances, I won't interfere with Haven's decision to retain the salvage as I haven't seen any evidence to support Mr P having the requisite knowledge or means to ensure the van could be safely broken up and disposed of.

Mr P also said he didn't believe that the van was a total loss and said it was driveable. The decision to declare a van a total loss and its specific category of salvage normally rests with engineers who are experts in this area. In this case Haven relied on the opinion of its expert engineers and I think this was fair and reasonable in the absence of any other contradictory evidence.

Mr P said he was told that Haven would settle his finance agreement. As I said above, under the terms and conditions, Haven has to pay the market value. The market value can sometimes be lower than the outstanding finance or it can be higher. In this case it was lower and this meant that there was still finance outstanding on Mr P's agreement. I appreciate Mr P is unhappy that he has to continue to make payments towards the finance agreement, but I don't think this is due to any errors made by Haven. From what I can see, it has acted in line with its obligations under the policy so I won't be asking it to make further payments in this regard.

I can see that Mr P was originally given some conflicting information regarding his excess but from what I can see the correct excess was £750 which is what Haven deducted from the settlement figure. And in terms of Mr P's premium, under the terms and conditions of the policy, the yearly premium is payable in full in the event of a successful claim on the policy, as was the case here. And that is even if the policy is cancelled before it was due to expire. In the event that liability for the accident is decided in Mr P's favour Haven may be able to issue a pro-rata refund.

I appreciate that Mr P will be disappointed with my decision. I understand his frustration at having to continue to pay towards his finance agreement despite no longer having his van. But, as I said above, I don't think that, in these particular circumstances, Haven acted in a way which was unfair or unreasonable or not in line with its terms and conditions.

My final decision

For the reasons above I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 16 January 2025.

Anastasia Serdari
Ombudsman