DRN-5432518

The complaint

Mr R complains about how Haven Insurance Company Limited ("Haven") valued his car following a claim made on his taxi insurance policy. He is also unhappy with the amount Haven is charging him to allow him to retain the car.

What happened

Mr R is a private hire driver and has commercial car insurance with Haven.

Unfortunately, in August 2024 Mr R was involved in a non-fault accident. The third party accepted liability. Mr R reported the incident to Haven, and his car was declared a total loss.

Haven agreed to allow Mr R to retain the salvage of his car and deducted an amount from his settlement of £14,320 to do so. Mr R wasn't happy with the overall settlement for his car and so Haven sent him a revised valuation of £14,380. Mr R remained unhappy with the valuation, so Haven referred the valuation to its engineer to review. Mr R provided Haven with details of additional extras fitted to his car, so these were considered by Haven's engineer.

Haven's engineer provided one example of a car with mileage similar to Mr R's, with the extras, which was on the market for less than Mr R's proposed settlement. So, Haven increased its valuation a final time to £14,850, a further £470, in line with the engineer's assessment.

Mr R says the valuation was low given his car has extras not on standard cars. He provided examples of what he said were similar cars ranging from around £18,500 to £26,000 and doesn't understand what Haven's valuation is based on. So, Mr R complained.

Haven said it was satisfied with how it had dealt with the claim. Mr R wanted to retain his car and although Haven didn't normally agree to this, it did so on this occasion. So, Haven didn't uphold the complaint.

Mr R remained dissatisfied, so he referred his complaint to this Service. One of our Investigators looked into things for him. She concluded that Haven's valuation wasn't fair and reasonable. She said Haven's valuation was in line with the two lower values produced by the guides and hasn't shown why this is fair and that Mr R can replace his car with a similar one for the settlement. She said a fair market valuation would be £15,890 based on her review of the valuation guides. The investigator noted Haven could have deducted 40% from the value of the car for the salvage but only deducted 30% - so she thought this was fair.

Haven says if it accepts the increased valuation and deducts the correct 40%, the total settlement would be £9,534. And so, it has overpaid Mr R by £960. Haven said if the Investigator's view is accepted it would want to know how Mr R would repay it. Haven says a fair way to settle the claim would be to apply whatever pre-accident valuation the service recommends, but because the salvage percentage should have been 40%, it has overpaid the policyholder. But it's said it's happy to leave it settled and not ask for any overpayment amount to be returned.

The Investigator looked at things again and said she no longer recommended Haven take further action. She said Haven should update the pre-accident valuation of the car to £15,890 and deduct 40% for salvage. This would mean Haven has overpaid Mr R but in recognition of the loss of expectation it shouldn't recover the amount from Mr R.

Mr R says he is being penalised for bringing a complaint about the valuation and isn't happy Haven is trying to increase the amount deducted for salvage. Since an agreement couldn't be reached the complaint has come 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.

Mr R has made detailed points about why he believes Haven's actions were unfair. I've looked at everything he's said but I don't think I need to comment on each point to reach the right outcome. I've focused instead on what I think are the key issues. Having done so, I agree with some – but not all – of Mr R's points.

Mr R's car was written off. His policy says that in the event of a total loss the most it will pay in settlement of the claim is the *market value* of the car. This is defined in the policy terms as;
"*The market value of your Taxi will be determined as the cost of the replacing your Taxi with one of similar make, model and specification, taking into account the age, mileage, and condition of your taxi. To determine the market value, we will typically request the advice of an engineer and refer to guides and any other relevant source"*

I have reviewed the report from the independent assessor. The assessor valued the van at £14,320. It based its valuation on the average of two guides as follows;

- Guide A £13,790
- Guide B £14,850

When offering settlement, Haven relied on the valuation from the engineer but increased the figure to £14,850 following discussions with Mr R. I note £14,850 is the top figure given by the valuation guides used by Haven.

The assessor provided two adverts to support its valuation of Mr R's claim. The adverts are for similar cars to Mr R's however in both adverts the mileage is significantly lower to the mileage of Mr R's car.

Mr R says the settlement he was offered wasn't sufficient to replace his car with a similar one. He provided adverts for cars listed on the open market for sale from £18,995 to around £26,990. Haven didn't comment on the adverts. Having reviewed the adverts, I don't think the cars were comparable to Mr R's; they are for different registration years and are much lower in mileage than his. So, I don't consider these adverts persuasive in demonstrating they are a fair market value for Mr R's car.

Valuing a car isn't an exact science. When considering disputes about car valuations, as a starting point, we'd consider what the different valuation guides say the market value of the car is. We also consider any other available information.

Whilst Haven has used the average of the two guides mentioned above, this isn't the starting point for how we look at valuation complaints. In order to ensure the policyholder isn't caused any detriment, the insurer needs to evidence any valuation lower than the highest one returned by the available guides is fair. If it doesn't, or can't evidence why a lower valuation is fair, then our approach is that it should pay the highest guide valuation.

Our Investigator checked the valuation guides we normally use; this produced the following valuations;

- Guide A £13,790
- Guide B £14,695
- Guide C £15,890

Our Investigator recommended Haven increase the settlement in line with the highest valuation guides to £15,890 (before excess deduction).

To be persuaded that a lower valuation than that produced by the highest of the valuation guides is a fair reflection of the market value, I'd need to be satisfied the evidence provided by Haven supported that. However, Haven hasn't provided sufficient evidence which persuades me this is the case.

Ultimately Haven used an average of two guides. It didn't consider the other guides looked at by our Investigator. Haven then relied on adverts of similar cars, but neither of those adverts showed a comparable car that was within its settlement value; both adverts were for cars with significantly different mileage to Mr R's. So, I don't think Haven has evidenced Mr R could reasonably replace his car for the settlement offered.

Based on all the information provided, I'm not persuaded Haven has demonstrated a lower valuation is a fairer amount than the highest of the trade guides. So, I agree with our Investigator that the fair and reasonable outcome here is to increase the valuation to £15,890 (before excess deduction).

The salvage

Mr R expressed an interest in retaining the salvage car.

When an insurer allows a policyholder to retain the salvage, it will usually deduct what it would have received when disposing of the car from its salvage agents. This is considered to be fair. However, the insurer should demonstrate the amount it is deducting is in line with what it would receive from its salvage scheme.

Haven provided a salvage matrix outlining the amount it would deduct for the salvage. The matrix shows 40% reduction for cars of the same value and category of loss as Mr R's. The loss report from the independent engineer suggests the salvage amount is £4,296. And when Haven provided Mr R with a copy of the report he saw the salvage amount was £4,296.

Haven says it mistakenly deducted 30% instead of 40% for the salvage. And so, if the new, higher, valuation was accepted Mr R would need to repay Haven the £960 overpayment. Haven's intention is to deduct 40% for the salvage.

Mr R says if he'd been told Haven would deduct 40% for the salvage he wouldn't have accepted it. I've seen a copy of Haven's salvage retention guidelines. In it Haven says it will advise the insured of what the retention of salvage involved. But I haven't seen any evidence Haven did this. Instead, Mr R was provided with a copy of the Total Loss report and so believed the salvage amount was £4,296.

Haven should have explained its salvage process to Mr R, and when it provided him with a copy of the Total Loss report it should have explained whether the salvage noted by the independent assessor would apply to Mr R. But I can’t see it did this until the complaint was referred to this service, and then it took a further few months for Haven to raise this. I think this caused Mr R distress and inconvenience.

Haven has provided evidence that it would receive 40% of a car’s pre-accident value when it’s a category N total loss. I’m unable to share the evidence provided as its commercially sensitive but it does show that it would have received this amount from its salvage agent. So, although I know Mr R will be disappointed, I can’t say Haven applying 40% deduction for the salvage of Mr R’s car is unfair or unreasonable.

Conclusion

The service Mr R has received from Haven is not what it should have been. It settled his claim for less than its market value, deducted less than it was entitled to for the salvage, and didn’t make it clear to him what the correct salvage rates would be.

My role is to look at what should have happened had Haven done what it should have. Haven should have based settlement of the claim on the highest valuation of £15,890 and it should have deducted 40% of the settlement for salvage. Had it done so, Mr R would have received £9,534 in settlement of his claim. Mr R actually received £10,494 in settlement of his claim which means Haven has overpaid him by £960.

Haven has agreed not to ask Mr R for the overpayment to be returned and so he is in a better position than he would have been, had Haven acted correctly. I think this is a fair outcome in the circumstances, given my conclusions about the service Mr R received.

Putting things right

Haven Insurance Company Limited has;

- Agreed to increase the settlement amount (before excess deduction) to £15,890,
- Deducted 40% for the salvage from the overall settlement,
- Paid Mr R an additional £960 in settlement of the claim

My final decision

For the reasons set out above I uphold this complaint but don’t require Haven Insurance Company Limited to take any further action in respect of the complaint if it has done what is set out in the section above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr R to accept or reject my decision before 25 August 2025.

Kiran Clair
Ombudsman