

The complaint

Mr C has complained about the way Haven Insurance Company Limited handled his claim under his Commercial Vehicle Insurance policy.

Any reference to Haven includes its agents.

What happened

Mr C bought a van and insured it with Haven. He asked a garage to check the van soon after he'd bought it. They identified a number of things that were wrong with it. Mr C raised this with the dealership he'd bought the van from. In the meantime the van was stolen, and Mr C claimed under his policy with Haven in December 2023. Haven took until March 2024 to finish its investigation and it then rejected Mr C's claim on the basis the van wasn't in roadworthy condition. Mr C cancelled his policy and complained to Haven about its decision on the claim. Haven issued a final response letter in July 2024 in which it said it was wrong to turn down the claim and that its claims team would be in touch with Mr C regarding settlement. The claims team then valued the van at £3,204.50 due to the condition it was in when it was stolen. It offered to settle Mr C's claim by paying this amount less the policy excess and the premium outstanding when the policy was cancelled. And it told Mr C this meant he'd only receive £760.24.

At this point, according to Haven's claim notes, Mr C told it to put the claim on hold, as he had a civil case going on with the dealership who'd sold him the van. Mr C then asked us to consider a complaint about his claim. When doing so he specifically mentioned he was unhappy with the amount he'd been offered in settlement of it. And he also mentioned he'd incurred hire costs of over £8,000.

When we told Haven that Mr C wanted us to consider his complaint, it said it hadn't dealt with his complaint about its settlement offer. So we allowed it time to do this and issue a second final response letter dealing with this aspect. It did this at the end of January 2025. One of our investigators then considered Mr C's complaint about Haven's settlement offer and said it should not be upheld. This was because she considered Haven's settlement offer to be fair.

Mr C didn't agree with the investigator's view. He said he'd bought the van for £17,970 and when he insured it with Haven it 'approved the full value without any reservations'. And he explained that in his opinion he should be compensated in full. He also said that Haven told him in a telephone call in January 2024 it was likely to reject his claim. But, despite repeated enquiries, he was not told this formally until March 2024.

As Mr C didn't accept the investigator's view his complaint was referred to me for a decision. I spoke with Mr C and asked him to provide some more information on the cost of hiring a van since his claim had been rejected. I also asked him to explain what he'd have done if Haven had settled his claim using a valuation of £3,204.50 instead of rejecting his claim.

Mr C provided evidence to show that he had been hiring a van from the company he works for each week at around £250 per week. He also explained that this company

requires him to have a van that complies with the Clean Zone regulations for the area he works in and that it has to be registered from 2017 onwards. And that this and his financial position made purchasing another van more complicated than it might seem.

I also asked Haven to review the information it had about the defects on the van Mr C had insured and explain why it felt it was only worth £3,204.50. And it has reassessed its valuation and provided comments from its engineer to explain why it still believes this is correct.

I issued a provisional decision on 9 April 2025 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.

The terms of Mr C's policy required Haven to settle his claim using the market value of his van at the time it was stolen. This is defined as the cost of replacing it with one of a similar make, model, specification, age, mileage and condition. And, despite what Mr C might have thought, Haven was not obliged to base its settlement on the value he placed on the van when he insured it.

It is not in dispute that the van Mr C bought and insured with Haven had pre-existing damage and mechanical issues. And the garage he took it to, provided a list of many of these; although it stopped its investigation and didn't provide a full list. Bearing in mind the extent of the list it did provide and from Haven's engineer's comments, I can see why Haven thought at the point it was stolen the market value of Mr C's van was only £3,204.50. And I'm satisfied this is correct. This is because the extent of the damage meant it only had a salvage value and this amount represented what that would have been.

This means Haven should have settled Mr C's claim by paying this amount less his £550 policy excess, i.e. 2,654.50. But I think it should have done this at the end of January 2024. I say this because it accepts it incorrectly rejected his claim. And I think it should have been in a position to accept it by the end of January 2024. If it had done this, Mr C would have had £2,604.50 towards a replacement van, which he could then have added to be covered by his policy.

However, from what Mr C has said, he couldn't have bought a suitable replacement van if he'd got this amount from Haven at the end of January 2024. This is because he needed to buy a van registered from 2017 onwards that was Clean Zone compliant for the area he works in. And with his financial situation at the time it seems that a payment of £2,604.50 on his claim would not have put him in a position to do this. This would have meant he either needed to carry on paying for the policy by instalments without a van to insure or cancel it and pay the full premium outstanding. This is because the full annual premium is payable if there has been a successful claim made on the policy. And this would have meant Mr C was liable for the full remaining premium at this time. This would then have left him with less than the £760.24 he was offered by Haven after it accepted his claim in July 2024.

In view of what I've said, even if Haven had handled Mr C's claim perfectly, I can't see any way he could have got another van and avoided the need to hire one. And it seems the position he found himself in, difficult as it was, was really due to the fact he was sold a van that had numerous faults. But this was not Haven's fault.

However, Haven should have made the payment of £760.54 to Mr C when it provided its final response on his complaint. Or at least made it clear to him he could have this without it prejudicing his complaint to us. As far as I can see it hasn't made the payment and it didn't

make it clear it could do so without prejudice. In view of this, I think it needs to pay this amount as soon as Mr C accepts my final decision and add interest to it at 8% per annum simple from the 1 February 2024 to the date of payment. The interest is to compensate Mr C for being without this money. And I have used this date because I think this is the date Haven should have settled Mr C's claim by.

Also, Haven clearly got it wrong when it rejected Mr C's claim, by its own admission. And – from what I can see – it took far too long to tell Mr C this officially. And it then took it a further few months to overturn this decision and offer to settle it. I think this caused Mr C significant distress and inconvenience. And that this warrants a payment of £500 in compensation.

I gave both parties until 23 April 2025 to provide further comments and evidence in response to my provisional decision.

Haven has responded to say it accepts my provisional decision.

Mr C has responded to say he does not accept my provisional decision. He has said the amount I suggested he should receive in settlement of his claim is inadequate. And that he has paid Haven a total of £1,352.45 in administrative fees, adjustment fees, regular payment fees, mid-term adjustment fees and exit fees. He doesn't think Haven has provided proof of the value attached to his van at the time it was stolen. He's said if his claim had been settled in a timely manner he would have been able to seek alternative solutions sooner.

Consequently, he holds Haven responsible for the value of his van at the time it was stolen, that is its salvage value at this time of £3,204.50, associated expenses of £1352.45, compensation for stress of £1,000 and the cost to him of hiring a van for 23 weeks, that is £5,267.14. This means Mr C thinks he should receive compensation of £11,184.09 in total from Haven.

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 do of course appreciate Mr C's frustration and that – as things stand – he has lost a large amount of money. But, as I explained in my provisional decision, I think this is mainly due to the fact he bought a van that was in very poor condition indeed. Of course, Mr C didn't know this when he bought it. And, as I've said, he could lose a great deal of money because he did so. But this isn't Haven's fault.

All Haven needed to do was settle Mr C's claim quickly. And, as I also explained in my provisional decision, if it had done so it is likely Mr C would have been left with very little. This is because all the policy expenses he has mentioned, including the premium, were payable in full irrespective of his claim. And what he owed Haven for his policy would have needed to be deducted from the amount due in settlement of his claim, along with his excess. In reality, I think this means Mr C would have ended up with less than the £760.24 Haven is now willing to pay him.

The estimated value of Mr C's van at the time it was stolen is based on a comprehensive assessment by a qualified motor engineer at Haven. He has provided a detailed report of putting right the likely faults with the van mechanically and to its bodywork. And I am satisfied that this shows that at the very most the van was worth its salvage value to Haven at the time it was stolen, that is £3,204.50. But if Mr C obtains evidence from a mechanic and/or bodyshop which suggests otherwise, I'd expect Haven to consider this. And, if it considers it shows Mr C's van was worth more than £3,204.50 when it was stolen, then I'd expect Haven to make a further payment to Mr C. But, as things stand, I'm satisfied the

value Haven has placed on the van of £3,204.50 is fair.

I do not consider Haven needs to cover what it cost Mr C to hire another van. This is because he hasn't provided any evidence which shows he'd have had any option other than hiring a van if Haven had settled his claim when it should have done. Mr C has himself said he had to replace his van with one that was Clean Zone compliant and of a certain age. And I do not think he would have had the financial means to do this, even if Haven had offered to settle his claim by paying £3,204.50 less the £550 policy excess, that is £2,654.50, early in 2024. This means his only option would have been to take this amount and carry on paying for his policy or to take it and cancel his policy, which would then have meant the outstanding premium due would have been payable. So, I think whatever had happened Mr C would have had no option but to hire a van to carry on working and have the cost of this deducted from his pay.

I have noted what Mr C has said about the high level of stress he has experienced. And I accept that some of this is due to Haven's poor handling of his claim. But I think the main cause of this is the fact he was sold a van which was in very poor condition, which was then stolen. And neither of these things are Haven's fault. So, I remain satisfied that the £500 I suggested in my provisional decision as compensation for distress and inconvenience is fair.

Putting things right

For the reasons set out above and in my provisional decision, I've decided to uphold Mr C's complaint and require Haven Insurance Company Limited to do the following:

- Pay Mr C £760.54 in settlement of his claim, plus interest at 8% per annum simple from 1 February 2024 to the date of payment.*
- Pay Mr C £500 in compensation for distress and inconvenience.**

* Haven must tell Mr C 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 C if asked to do so. This will allow Mr C to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.

** Haven must pay the compensation within 28 days of the date we tell it Mr 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.

My final decision

I uphold Mr C'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 C to accept or reject my decision before 3 June 2025.

Robert Short
Ombudsman