

The complaint

Mr M complains that Haven Insurance Company Limited (Haven) settled a claim on his commercial vehicle motor insurance policy unfairly. He says he is out of pocket as a result.

An associate of Mr M's has helped him to bring this complaint. But, for ease of reading, I'll refer to the associate's comments as being Mr M's.

What happened

Mr M bought a van for £36,000. Around four weeks later it was stolen. Mr M claimed on his policy. Haven looked into the claim. It eventually valued the van at £24,225 without VAT. After Mr M showed he'd paid VAT when he bought the van, Haven said it would add VAT to its settlement figure and pay that directly to Mr M's finance provider.

However, Haven noted some anomalies concerning the information Mr M provided when he first took out his policy. Mr M said that he parked his van overnight on the drive. But on the night of the theft it was parked in the street. Also he'd said his annual mileage would be no more than 2,000 a year but when investigating his complaint, Mr M said his annual mileage was 3,000. Haven said that if he'd disclosed those things at the outset, it would have charged him a higher premium. So, it said it intended to reduce its settlement figure to 90.81% of the value, which is the proportion of the full premium Mr M paid.

Mr M was unhappy with Haven's settlement of his claim and brought his complaint to the Financial Ombudsman Service. Amongst other things he told us that he did park his van on his drive overnight although he hadn't done so on the night of the theft.

One of our Investigators looked into the complaint. He thought Haven's valuation of the van was reasonable. He also noted the annual mileage hadn't affected Haven's premium calculation. But Haven had also said that Mr M had failed to declare a driving ban when he took out the policy. Our Investigator thought it was fair for Haven to make a proportionate settlement because Mr M had not disclosed this. But our Investigator didn't think it was fair for Haven to make a proportionate adjustment because of where Mr M parked his car at night. To put things right he said Haven should recalculate its proportionate settlement, add interest to the shortfall and pay Mr M compensation of £100 for his distress and inconvenience caused.

Haven accepted our Investigator's complaint assessment. It confirmed that after removing the deduction relating to the overnight parking issue, the proportion of its settlement would increase from 90.81% to 92.18%, which is £22,330.61 before VAT and £26,796.73 inclusive of VAT.

Mr M remained unhappy with Haven's valuation of his van. So his complaint's been 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.

In raising his complaint Mr M has referred to a number of points. I've carefully considered everything on file. But in this decision I don't intend to address each point raised during the

complaint process. Instead, I will focus on what I see as being the key outstanding issues following our Investigator's complaint assessment and the reasons for my decision. That means I don't intend to revisit matters which are no longer in dispute between the parties.

Valuation

Mr M's policy says that if his van was stolen and not recovered Haven would pay its market value at the date of the loss. The policy defines market value like this:

"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".

Assessing the market value of a vehicle is not an exact science. And it's not my role to value vehicles. So, I've considered if Haven's valuation of Mr M's van is fair and in line with the policy terms. That is I'll look to see if it has produced a market value representative of the cost of buying a similar vehicle.

When looking into these types of complaints we check trade guides, adverts and other relevant evidence. We generally find the guides most persuasive as they're based on nationwide research of likely selling prices. So they're often more reliable than individual adverts.

In this case we checked four trade guides. Those gave valuations, excluding VAT, of £21,250, £23,576, £24,225 and £24,757. Haven's valuation (before adding VAT) is around 2% lower than the highest valuation. So I'm satisfied its valuation is broadly in line with the trade guides. I note Mr M has shown us three adverts for vehicles priced nearer to what he paid for his van. (in other words higher than the value Haven determined) but only one of those was of a comparable mileage, the other two having significantly lower mileage. So I don't find those adverts persuasive.

Also, one of the trade guides showed numerous adverts for similar vans to Mr M's, many of which were for lower mileage than Mr M's van and were advertised for sale at a cheaper price than what Mr M paid for his.. So I don't think the fact that Mr M had paid more for his van, or that some were being advertised for a higher price, meant that Haven's valuation was not in line with its policy terms.

I'll add that Mr M believed the other vehicles advertised were not like-for-like as they may not have included the extras his van enjoyed. I'll briefly explain that, while desirable to some drivers, factory fitted optional extras don't necessarily increase the market value of a vehicle. And when they do they rarely increase it by the sum the manufacturer charged to fit them in the first place. But some of the trade guides have capacity to take such extras into account. And in this case we asked for a bespoke valuation which included the optional extras Mr M's van had. But the valuation did not increase at all.

Haven's valuation is very close to the highest valuation given by the four different trade guides. And I'm satisfied there's clear evidence to show that Mr M could replace his car with another for the sum that Haven valued his van at. Overall, I'm satisfied that the base valuation of £24,225 is fair after Haven added VAT to that sum.

Proportionate settlement

When looking into Mr M's claim, Haven identified some issues which, if it had been aware of when Mr M applied for the policy, would have increased the premium. Only one of those, whether or not Mr M appropriately declared a driving ban, remains at issue.

I'll briefly explain that the Haven policy Mr M bought is called a commercial vehicle policy. But Mr M said he only wanted the policy to cover social domestic and pleasure purposes, which excluded business use. So I'm satisfied that he wanted a consumer policy for private use rather than a commercial policy aimed at business users.

When buying such a policy, the consumer is required to take reasonable care to answer an insurer's questions to the best of their knowledge. If the consumer doesn't do so, that's known in the insurance industry as a misrepresentation. And there's helpful legislation: the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA) that sets out what insurers may do when a policyholder's made a misrepresentation. So I need to decide whether or not it was fair for Haven to say that Mr M had made a misrepresentation.

Mr M applied for his policy online. When doing so the website asked: if he'd had any driving convictions; if those convictions led to a ban; and if so for how long. And I think those questions were clear. Mr M accurately reported that he'd received a speeding conviction, known as an SP30, but he didn't disclose that had led to a ban. He later told Haven's claim investigator that he had received a one month ban. So, I don't think he took reasonable care to answer the online questions when he applied for the policy. And I therefore think he made a misrepresentation.

CIDRA sets out what insurers may do when a policyholder has made a qualifying misrepresentation. It categorises misrepresentation as falling under one of two definitions:

- careless, or
- deliberate/reckless.

In this instance Haven has not suggested that Mr M's misrepresentation was anything other than careless. In those circumstances CIDRA allows it to settle any claim based on the relevant proportion of the premium Mr M actually paid compared with the premium he would have paid but for his misrepresentation.

Haven has shown us evidence that if Mr M had disclosed his ban when he took out the policy it would have charged him a higher premium. But because of the misrepresentation Mr M only paid 92.18% of the full premium. So I'm satisfied it's fair for Haven to reduce its claim settlement to 92.18% of what the full settlement would have been.

I'll add that Haven initially said it would reduce Mr M's claim further to 90.81% because of an issue concerning where the van was parked overnight. But Haven has agreed to remove that reduction. And in those circumstances that means its initial settlement was undervalued. That means that Mr M was without use of the additional funds for a period.

So I think it's fair that – unless it has already done so – Haven should pay Mr M the shortfall and add simple interest to it at a rate of 8% a year. It should calculate that interest from the date it originally made payment to Mr M to settle the claim, which I understand was 7 January 2025, up to the date it makes (or made) the final settlement figure based on a proportion of 92.18%. And to address Mr M's distress and inconvenience arising from its handling of the claim, unless it has already done so, Haven should pay Mr M £100 compensation.

Other issues

For completeness Mr M recently made us aware that, although Haven had previously confirmed it would make a payment of VAT owing from the claim directly to his finance provider, it hadn't done so. This wasn't a point of complaint Mr M had specifically brought to us, so I don't intend to make a finding on it here. But my understanding is that Haven has agreed to pay the outstanding sum directly to Mr M.

I'm also aware that Haven reduced Mr M's claim settlement further as it deducted the balance of his premium owing for the full policy year. Mr M said he hadn't agreed to this. But I don't think Haven needed his agreement.

Given that the policy had only been in place for a short time Mr M might have expected that he would only be required to pay a proportion of it for his time on cover. But like all motor policies I'm aware of, Mr M's policy says that in the event Haven settled an unrecovered claim on it then the full policy premium would be due. I think that's fair.

That's because the premium Mr M paid was for Haven to cover him for the risks set out in the policy. And as it paid out on a claim, Mr M has had the benefit of the policy. So I think it was reasonable for Haven to charge him the outstanding balance of the policy premium when settling the claim.

Putting things right

For the reasons given above, unless it has already done so, Haven Insurance Company Limited must:

- Increase its settlement to 92.18% of the claim's full value - inclusive of VAT.
- Add simple interest to any shortfall in payment at a rate of 8% a year from the date it initially made payment to Mr M to the date it makes or made its final settlement¹.
- Pay Mr M £100 compensation for his distress and inconvenience.

My final decision

For the reasons described above I require Haven Insurance Company Limited to take the steps set out under the heading of "putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 September 2025.

Joe Scott
Ombudsman

¹ If Haven considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr M how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.