DRN-4114522

The complaint

Mr P complains that Haven Insurance Company Limited undervalued his van when he claimed on his commercial vehicle insurance policy.

What happened

Mr P bought a Luton van and insured it with Haven. A few months later his van was stolen, it was then later recovered by the Police. Haven collected the van and assessed it. It initially said it could be repaired but then said it would deal with the claim as a total loss. After some negotiation Haven ultimately offered Mr P £19,300 excluding VAT as the market value for his van. Mr P is VAT registered and so Haven aren't required to pay VAT under the policy terms and conditions.

Mr P didn't think this was enough and complained. He said he'd bought the van a few months earlier for £25,995 excluding VAT and so didn't agree it had depreciated to what Haven thought it was worth. Mr P also said he'd bought it from a manufacturing garage, and his van had a two-year manufacturing warranty on it. He sent Haven details of similar vans for sale to support a higher value.

Haven maintained its position that it had fairly valued Mr P's van. It had searched online and found similar vans for less than it had valued Mr P's at. Unhappy with Haven's handling of his claim Mr P referred the complaint here.

I issued a provisional decision on 3 November 2023 where I said:

"The terms and conditions of Mr P's policy say that if Haven deem his van a total loss, it will pay him the market value. It defines 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."

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 trade guides. I usually find these persuasive as they're based on nationwide research of sales prices.

In Mr P's case two of the guides are unable to value his van. For the two which do value his van, neither of them takes into account that his van has what is known as a "Luton" back to it, or that it has a rear tail lift. I'm therefore not satisfied they're a fair way to value Mr V's van in this case.

I can see Haven looked at three adverts for similar vans which all had significantly higher mileage than Mr P's. I asked our Investigator to send Haven the adverts for manufacturer approved used vans like Mr P's (which Mr P had provided) and explain that I was more persuaded by these. The adverts Mr P provided ranged from older vans to newer ones. From reviewing these there are seven adverts which are either a year newer or a year older than Mr P's. These are all manufacturing approved used "Luton vans" with a tail lift. Unfortunately, of the adverts Mr P provided, there weren't any which are the same year as

Mr P’s.

Haven replied and didn’t agree and provided two more adverts. These adverts are for the same year and similar mileage as Mr P’s van. But neither of them is the same type of van, I say this as one is a long wheelbase and the other a short wheelbase. Mr P’s van was a medium wheelbase. One of the adverts also doesn’t have a tail lift and neither of them are manufacturer used approved, as Mr P’s van was. I’m therefore more persuaded by the adverts Mr P has provided. When reviewing these and looking at the values of the ones a year newer and a year older, the average value is £28,921, excluding VAT. I’m therefore more persuaded by Mr P’s argument that this is the fair market value of his van. Therefore, Haven should pay £28,921 excluding VAT as the market value of Mr P’s van. Haven is entitled to deduct from this sum the policy excess and anything it has already paid in settlement of the market value of Mr P’s van. To anything outstanding it then pays it should also add 8% simple interest per year, calculated from the date of the interim payment until the date of settlement. This is to compensate him for not having the money.

I can see that by Haven incorrectly valuing Mr P’s van it’s caused him a great deal of distress and inconvenience. He’s had to do market research and also make do with a lower settlement than he should have had. Haven should pay Mr P £250 compensation for the unnecessary distress and inconvenience its caused.”

Haven and Mr P both accepted my provisional decision.

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.

As both Haven and Mr P accepted my provisional decision, I see no reason to depart from it.

My final decision

For the reasons I’ve explained above and in my provisional decision. My final decision is that I uphold this complaint. I require Haven Insurance Company Limited to pay Mr P:

1. £28,921 excluding VAT, as the market value of his van, subject to any applicable policy excess. 8% simple interest per year should be added to the additional amount it pays, calculated from the date of the interim payment until the date of settlement.

2. £250 for distress and inconvenience

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr P to accept or reject my decision before 15 January 2024.

Alex Newman
Ombudsman