

## The complaint

Mr J complains about the amount Haven Insurance Company Limited paid him to settle a claim he made on his commercial vehicle insurance policy after his taxi was stolen.

Reference to Haven includes its agents.

## What happened

Mr J held a commercial vehicle insurance policy with Haven. After his taxi was stolen, he made a claim.

Haven accepted the claim and said the market value of Mr J's car was £20,055. But it said Mr J's policy limited what it needed to pay him to the amount he said the car was worth when he took out the policy. It said Mr J told it his taxi was worth £15,000, so this was the figure it used to settle his claim. It settled Mr J's claim based on his car being worth £15,000 and deducted the excess and the remaining premium from the settlement.

Mr J didn't think this was fair and complained. He said he was insured for the market value of the car, so thinks that's what Haven need to pay him. But Haven didn't agree, so Mr J brought his complaint to us.

One of our investigators recommended Mr J's complaint be upheld. They too thought Haven should settle Mr J's claim using the market value of his car at the time of loss.

Haven didn't agree and asked for an ombudsman's 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.

Having done so, I'm upholding Mr J's complaint.

- Mr J's policy says that if his car is stolen, Haven will pay him "*...a settlement of its (his taxi's) Market Value at the date it was stolen subject to the Limit of Coverage shown in the Schedule after deducting the applicable Excess(es)*".
- The limit of cover is set out in the policy as "*The value shown in the schedule*" – which in this case is £15,000.
- Market value is defined in the policy as "*...the cost of replacing Your Taxi with one of a similar make, model and specification, taking into account the age, mileage and condition of Your Taxi*".
- Haven deemed the market value of Mr J's car to be £20,055. But looking at the trade guides I find a better reflection of the market value of Mr J's car is £21,427 (the average of the three guides used – the range of the guides was £21,250 – £21,551)

- Although in the policy, I don't find that limiting the value of Mr J's settlement to the amount shown on his schedule leads to a fair answer. This is because:
  - The amount shown was an *estimate* Mr J gave to his broker based on what he bought the taxi for.
  - This is a market value policy, not an agreed value policy and applying this term only benefits Haven, not Mr J. If the market value of Mr J's car is above the amount shown on the schedule, Haven only need pay the lower amount, if the market value is below that stated on the schedule, again, Haven only need pay the lower amount.
  - Crucially, had Mr J said his taxi was worth roughly £21,000 - the market value of his taxi – then Haven would not have charged Mr J any more to insurer it. So, Haven hasn't been prejudiced by Mr J's low estimate of his taxi's value.

### **Putting things right**

Haven should settle Mr J's claim based on the market value of his car. It's not an exact science, but I find a value of £21,427 to be a fair representation of the value of his car at the time of loss. Haven is able to deduct the policy excess and remaining premium from this amount to settle Mr J's claim. But I don't find it fair that it applies the policy limit of the amount set out in the schedule for the reasons set out above.

### **My final decision**

For the reasons set out above I uphold Mr J's complaint and require Haven Insurance Company Limited to:

- Settle Mr J's claim based on the market value of his vehicle being £21,427. It can deduct the remaining premium and policy excess from this amount, but it can't apply the policy limit set out in the schedule.
- If it's already paid Mr J its original offer, it only need pay the difference between what it has already paid, and how the claim should have been settled as outlined in the previous bullet point.
- 8% simple interest should be added to the payment it makes to Mr J. Interest should be calculated from the date it paid the first payment to Mr J, to the date it settles the claim as outlined in this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 9 September 2022.

Joe Thornley  
**Ombudsman**