

## **The complaint**

Mr A has complained about the way Haven Insurance Company Limited handled his claim for damage to his car under his Taxi Insurance policy.

## **What happened**

Mr A's car, which he used as a taxi, was damaged when a van reversed into it in March 2023. He contacted Haven and said he wanted to use a garage of his choice to get his car repaired. Haven told him to obtain an estimate and send this to it. Mr A contacted Haven at the end of March and told it that he no longer wanted to use a repairer of his choice and enquired about getting a replacement car while his car was in for repair. Haven agreed to appoint one of its approved repairers to repair Mr A's car. It told him he'd need to contact the third party insurer or, what appears to have been, a credit hire company about a replacement car. Mr A then called Haven a few more times about a replacement car, mainly concerning issues he was having with the third party insurer. Haven asked him if its repairer had been in touch and Mr A told it that the repairer, who I'll refer to as W, had asked him to bring his car in so it could inspect it. Mr A called Haven on 21 April 2023 and told it W had booked his car in for repair for the following Monday. It seems Haven arranged a rental car for him, although this wasn't one he could use as a taxi.

Mr A then called Haven a few times about communication issues with W. But he eventually told Haven on 6 June 2023 that his car was repaired and ready to collect. By this time it seems Mr A had said there could be a problem with the gearbox as a result of the accident and he wanted this checked. Mr A then called Haven and said he'd noticed new damage to the rear bumper when W had tried to drop his car off; so it had taken it back to check this.

On 14 June 2023 Haven told Mr A that W wouldn't take responsibility for the rear bumper damage and would deliver his car back to him that day. Mr A then called Haven the following day to say there were problems with the repairs carried out by W. As a result of this Haven logged a complaint. Mr A called Haven a few times about rectifying the repairs, but was passed to W on several occasions or told it would be in touch. Mr A wasn't happy and, eventually, Haven appointed a motor engineering company, who I'll refer to as N, to inspect his car.

N said the repairs by W had been carried out to a poor standard and set out what needed to be done to put things right. It said the rear bumper damage did not result from the accident Mr A had claimed for and the issue he'd identified with the gearbox needed to be checked by a manufacturer approved garage.

A dispute then followed about who should carry out the rectification work to Mr A's car. It seems at various points Haven told Mr A that a repairer of his choice could do the work. But at other points he was told W had to be given the chance to do it.

Mr A didn't want W to do it because of the poor job it had done with the original repairs. By this time he'd taken his car to be re-licensed as a taxi and it had failed the inspection due to the poor repair to the front bumper by W. This meant Mr A could no longer use his car as a taxi and was unable to work.

Mr A complained to Haven and it investigated his complaint and issued its final response on 9 August 2023. In this it said that because Mr A had had the rectification work on his car carried out by a non-approved repairer it wouldn't be reimbursing the costs. And it didn't uphold his complaint.

Mr A asked us to consider his complaint. One of our investigators did this at the end of September 2023. She said that Haven did not have to pay for the rectification work to his car, as W needed to be given the chance to do this in the first instance. She noted that Haven may have agreed to consider Mr A's claim for loss of income, although she did later try to confirm this with Haven without success. She also said Haven hadn't provided an acceptable level of service on Mr A's claim and recommended it paid him £150 in compensation for the distress and inconvenience he'd experienced because of this.

Haven agreed with the investigators recommendation. However, Mr A did not, and asked for an ombudsman's decision. He didn't think W should have been allowed to try and rectify the repairs to his car after doing such a poor job in the first instance. And he pointed out that he'd lost a significant amount of income as a result of his car being off the road.

Having reviewed the complaint, I spoke to Mr A about it at some length. He explained to me that he hadn't had the rectification work carried out to his car, as he had been told not to touch it and was concerned that if he did Haven wouldn't pay for it. He said he'd touched up the scratch on the rear bumper, but not to a good standard and he said this scratch was not there when it was collected by W. He explained W didn't provide him with a sheet showing him there was existing damage on his car when it collected it.

Mr A further explained that he had managed to get his car re-licensed in early December 2023 and started using it again at this point. He put this down to the inspector not being as thorough as the person who inspected it previously. The fact it had been re-licensed had meant he'd worked again since early December 2023. He said he'd lived on his savings in the meantime, but decided to try and get his car re-licensed when these started to run out. He further explained he'd not had a problem with the gearbox since doing so, but he would like to get this checked in case the problem still existed.

I asked Mr A to provide estimates for the rectification work to the vehicle and the rear bumper that he said was damaged while his car was with W. I also asked him to provide an estimate from a manufacturer approved dealership either for checking the gearbox or for repairing it, assuming it had checked it and said it was damaged due to the accident Mr A was involved in. I also asked him to provide details of his income for the financial year up to the end of March 2022.

Mr A provided a copy of his profit and loss account, which was prepared by his accountant, for the year ending 5 April 2022. He also provided two estimates for most of the rectification work to his car and the repair of the rear bumper. The lower of these was £3,250. Mr A also provided an estimate from a manufacturer approved garage for replacing the gearbox on his car of £6,483.60, including VAT. And a note from a technician at the garage about the gearbox, which mentioned damage following the car being shunted. Mr A told me that the technician could not find a fault with the gearbox on a diagnostic check, but from a test drive he said the gearbox was damaged and would get worse; so needed to be replaced.

I sent the additional evidence I'd obtained from Mr A to Haven and issued a provisional decision on 1 February 2024. In this I set out what I'd provisionally decided as follows:

*I've considered all the available evidence and arguments to decide what's fair and*

*reasonable in the circumstances of this complaint.*

*Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of Mr A's complaint.*

*I should say first of all that I think Haven's handling of Mr A's claim was very poor indeed. I don't think it was particularly clear when advising Mr A on a replacement car originally. Although, I do understand that he did not have a replacement car option under his policy and that Haven was trying to direct him to the third party insurer. And Haven did try to help him to some extent with this aspect. Plus, when his car was due to go into repair it does seem to have arranged a hire car for Mr A.*

*The main problem with Haven's handling was the way it dealt with problems with the repairs to Mr A's car and the scratch to the rear bumper that Mr A said had happened while his car was with W. It should have been clear to Haven from N's report that W had done a very poor job indeed with the repairs to Mr A's car. And that – in view of this – it was not reasonable for it to expect Mr A to let it go back to them for rectification work. I think Haven should have agreed to pay for Mr A to have the work carried out by Mr A's repairer. It also doesn't appear to have investigated the scratch on the rear bumper properly. I say this because I can't see it obtained a check in sheet from W showing this was pre-existing damage to Mr A's car when it collected it. And – from what Mr A has said – W didn't check his car for pre-existing damage and provide him with a check in sheet anyway. And, in the absence of this and the fact I have no reason to doubt Mr A's testimony that the scratch wasn't there when his car was collected by W, I consider it most likely it happened while his car was with it for repair. This means that because W is Haven's approved repairer, Haven is responsible for this damage and should pay to have it repaired.*

*Therefore, as part of the fair and reasonable outcome to Mr A's complaint I consider Haven should pay for the rectification work required to his car as a result of the poor repairs by W, as identified in N's report, and the repair to the rear bumper. Mr A has provided emails from repairers giving an overall figure for the work required. But these are not detailed estimates. However, I have no reason to doubt their authenticity and, in view of the length of time the issue has been outstanding, I consider it is fair and reasonable for Haven to pay Mr W the amount in the lower of these, which is £3,250.*

*I also think Haven should have had the gearbox on Mr A's car checked either by W or a manufacturer approved dealer. I appreciate N said it didn't think the problem was accident related, but I am not convinced it understood the full extent of the impact which caused the*

*damage to Mr A's car. Mr A has said the impact pushed one of the wheels of his car on to a kerb and that his car, which is an automatic, was in park at the time. So, I think there is a possibility the impact affected the gearbox and Haven should have had this checked. And Mr A has provided evidence which he's said shows the gearbox was damaged in the accident, along with a quote for its replacement. However, in my opinion, the report he has provided from a technician on the gearbox does not make it clear it needs replacing or that it was damaged in the accident, although it does mention this possibility. In view of this, I think Haven should pay Mr A the cost of replacing gearbox, i.e. £6,483.60, but only if Mr A provides a clear report or email from the manufacturer approved garage which specifically states that in their opinion the gearbox on his car was damaged in the accident that led to his claim. And that the only way to address this is to replace it. If Mr A provides this in response to this provisional decision I will require Haven to pay the £6483.60 as part of the fair and reasonable outcome in my final decision.*

*I can also hear from recordings of telephone recordings provided by Mr A that Haven wasn't clear with him on whether it would pay for C to carry out the rectification work at various points when it spoke to him. And it didn't properly check the position before issuing its final response. I say this because in its final response it referred to the fact Mr A had had the work carried out when this clearly wasn't the case.*

*I think all this and Haven's suggesting it would not pay for the rectification work if Mr A had it done by C left Mr A very confused and not sure what to do. He was concerned that if he had the work carried out and paid for it, he wouldn't get his money back. But he couldn't go back to work unless he did, as his car had failed the re-licensing inspection due to the poor repairs.*

*Having said this, I cannot ignore the fact that Mr A chose not to work as a taxi driver for a considerable period of time, despite it being his only source of income, instead of taking the risk of getting his car to the point it could pass a re-licensing inspection and then pursuing his complaint. In view of this, I do not consider it would be appropriate for me to make Haven cover Mr A's loss of income for the whole period he didn't work. Also, Haven issued its final response on his complaint on 9 August 2023. And, although any loss of income beyond this point does flow from its original error, I do need to be mindful of the fact we initially considered Mr A's complaint as at late September 2023. However, I do think that even allowing for the fact he could have got his car to the point it could pass an inspection, Mr A would have been unable to use it for around a month, while he was arguing with Haven about the rectification work. So, I've provisionally decided to make Haven pay compensation to Mr A for one month's loss of income.*

*The profit and loss account Mr A has provided shows Mr A made a net profit of £9,274 in the financial year ending 5 April 2022. This reflects some expenses Mr A would have incurred even while his car was off the road. But we're an informal service and I think using the figure for net profit and dividing this by 12 to get a monthly figure is the fairest way of compensating Mr A for one month's loss of income due to Haven's failings in respect of his claim. This means I think Haven should pay him £773 for loss of income. It should also add interest to this amount at 8% per annum to compensate Mr A for being without this money. Interest should be payable from the beginning of August 2023 to the date of payment, as I think July was the period Mr A would have been unable to work due to the issues with Haven around the rectification work.*

*In addition to this, I also consider Haven should pay Mr A a considerable amount in compensation for distress and inconvenience. This is because, irrespective of his decision not to work, he was significantly impacted by Haven's poor claim handling and failure to properly handle the poor repair to his car by its approved repairer. And I consider a compensation payment of £500 is appropriate in this instance.*

I gave both parties until 15 February 2024 to provide further comments and evidence in response to my provisional decision.

Mr A has provided an email from the manufacturer approved garage who provided the report on his gearbox. This says that the gearbox was damaged due to the accident his car was involved in.

Haven has responded and provided a copy of an engineer's report that I had already seen. It has said this shows there was pre-existing non-accident related damage to the rear bumper on Mr A's car. It has also said that if there was an issue with the gearbox on Mr A's car it would have been picked up in the two MOTs carried out on it since the accident. It's also said if Mr A can provide a report that categorically states the 'intermittent issue with the gearbox is as a result of the accident his car was involved in its engineers would take it into

consideration.

### **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've noted what Haven has said about the damage to the rear bumper on Mr A's car. But, as I explained in my provisional decision, I do not consider it to be accident related. I consider it to have been caused by Haven's approved repairer. This is why I think Haven needs to meet the cost of repairing it. It remains my view that the estimate provided by Mr A, which is actually for respraying the front and rear bumpers on his car and associated work, of £3,250 is reasonable. Therefore, I think Haven should pay him this amount as part of the fair and reasonable outcome to his complaint.

I also think Haven should pay Mr A a further £265, which he has shown will be the cost of replacing the sensors in the front bumper. I am satisfied this has to be done as part of rectifying the poor repairs to his car by W.

I do not agree with Haven's suggestion that a problem with the gearbox would have been picked up in an MOT. And MOT is a basic maintenance check and would not include checking the gearbox.

Mr A has now provided what I consider to be a categorical statement by a manufacturer approved garage that the gearbox on his car has developed a fault as a result of the accident it was involved in. However, Mr A still hasn't provided anything from this garage to say the only way to address this fault is to replace the gearbox. In view of this, I do not consider it would be fair and reasonable for me to make Haven cover the cost of replacing the gearbox until Mr A provides an email or report from the manufacturer approved garage stating that the only way to address the fault with the gearbox is to replace it. If Mr A provides this Haven must pay him £6,483.60, which I am satisfied is the cost of replacing the gearbox.

Mr A has shown he paid £126 to have the gearbox checked, so I consider Haven should reimburse this.

Neither Haven nor Mr A has provided any further comments on my suggested award for loss of income and distress and inconvenience. Therefore, I see no reason to reach a different conclusion on these to what I set out in my provisional decision.

### **Putting things right**

For the reasons set out above and in my provisional decision, I've decided to uphold Mr A's complaint and make Haven do the following:

- Pay Mr A £3,250 for the majority of the repairs needed to his car.
- Pay Mr A £265 to cover the cost of replacing the sensors on the front bumper of his car.
- Pay Mr A £126 to cover the cost of the diagnostic test to establish there is a fault with the gearbox on his car.
- Pay Mr A £773 for loss of income, plus interest at 8% per annum simple from 1 August 2023 to the date of actual payment.
- Pay Mr A £6,483.60 for the replacement of the gearbox on his car, subject to him providing a clear report or email from the manufacturer approved garage he took his car to in order to diagnose the fault with the gearbox which specifically states that in their opinion the only way to address the fault is to replace the gearbox.

- Pay Mr A £500 in compensation for distress and inconvenience.

**My final decision**

I uphold Mr A's complaint and order Haven Insurance Company Limited 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 A to accept or reject my decision before 18 March 2024.

Robert Short  
**Ombudsman**