

The complaint

Mr H complains Haven Insurance Company Limited provided poor service when providing his motor insurance.

Mr H's been represented for the complaint. For simplicity I've referred to the representative's actions as being Mr H's own.

What happened

In February 2024 Mr H's car was damaged in a collision with a third-party's vehicle. He called his motor insurer Haven. As Mr H considered the third-party to be at fault Haven referred Mr H to a 'straight to salvage non-fault scheme' (the scheme). This meant Mr H wouldn't claim for the loss through his own comprehensive insurance policy. Instead the scheme would seek agreement from the third-party insurer that its policyholder was at fault and arrange for it to pay Mr H's loss.

Mr H's car was considered a total loss. Unfortunately Mr H couldn't be provided with a hire car through the scheme due to his driving convictions. He was told he could claim for seven days hire car under his own policy – but that would go down as a claim against his own policy.

By late May 2024 Mr H was frustrated that his claim hadn't been settled. Later that month it was explained to him that the third-party was contesting liability. He was told he now had two options. He could claim under his own policy and Haven would review the prospects of recovery from the third-party. Alternatively he could pursue the third-party privately.

Unsatisfied with those options, in early June 2024, Mr H referred a complaint to the Financial Ombudsman Service. He said he doesn't want to make a claim against his own policy. He explained as the claim hadn't been settled he hadn't been able to afford a replacement car. This had resulted in significant daily transport costs and inconvenience.

Before the complaint had been considered by this Service Mr H was offered, in November 2024, £3,000 to settle the claim and £200 compensation. He accepted the claim settlement but refused the £200. He considered it not enough to cover the cost of alternative transport since February 2024.

When assessing Mr H's complaint, our Investigator said the scheme isn't part of Mr H's contract of insurance. So she couldn't consider any actions the provider had taken under the scheme. But she did consider Haven's referral of Mr H to the scheme. She felt Haven failed to provide information that allowed him to make an informed decision about opting for the scheme against claiming under his own insurance policy. But she didn't feel he had lost out financially as a result.

The Investigator said Mr H hadn't acted promptly to make a claim against his own policy once Haven had explained the salvage scheme was no longer an option. She considered that contributed towards a delay in the claim concluding. Neither was she persuaded Mr H had done enough to mitigate his losses. So she didn't recommend Haven reimburse his

transport costs. She did though consider Haven should increase its compensation award to £400 to adequately reflect the distress and inconvenience resulting from the poor referral.

Haven accepted the proposed outcome. But as Mr H didn't the complaint was passed to me to decide. He wasn't satisfied with £400 compensation. He said Haven's negligence had caused him to spend £25 to £30 per day on taxis between February 2024 and November 2024.

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 this is an informal service I'm not going to respond here to every point or piece of evidence Mr H and Haven have provided. Instead I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted. Having done so I'm not going to require Haven to pay any additional compensation or reimburse any financial loss.

As the Investigator explained I'm unable to consider the actions taken under the scheme as part of this complaint. But I can consider Haven's referral of Mr H to that scheme.

I'd expect Haven to have provided him with information that's fair, clear, and not misleading – to enable him to make an informed decision about how he would like to proceed. This includes making clear both the possible advantages and disadvantages of using the scheme as opposed to claiming for the damage to his car under his own comprehensive policy. I haven't been provided a call recording of the referral, so I don't know what was explained. But that doesn't matter as I consider I don't need to come to a decision on the referral. That's because even if I considered the referral information to be inadequate, I can't say Mr H has lost out financially as result.

I'll first set out what would likely have been different had Mr H opted to claim under his own policy, instead of using the scheme, having been fully informed during the referral. He probably would have had his claim settled as a total loss by Haven in April 2024. Based on the valuations I've seen that would have at best been based on a market value of about £2,600. That's in line with the highest value proposed for settlement via the scheme.

I think it's unlikely Mr H would have received a higher settlement. I say that having considered the reported condition of the car (including a previous write off record) and valuations provided by guides for this Service. That settlement would have been subject to a £200 policy excess. I accept that may have been recovered from the third-party – but I can't say it most likely would have been.

So Mr H would have received a £2,400 settlement in April 2024 rather a £3,000 one in the last few months of the same year. There is then the possibility of finding, as a result, Haven should cover the costs he incurred due to being unable to fund a replacement car during that period. However, I'm not going to require Haven to pay anything more than its already agreed to.

It's important to consider it was explained to Mr H in May 2024 that, as the third-party wasn't accepting liability, he should claim through his own policy – and if he did so Haven would review the prospects of recovering the losses from the third-party. However, he chose not to do so – being determined not to have a claim against his own policy. He continued with that position up until being offered the £3,000 settlement in November 2024.

Had Mr H instead promptly opted to use his own policy it seems likely his claim would have been settled, again at £2,600 subject to £200 excess, in perhaps June 2024. I've considered what he's said about not wishing to have a fault claim record. But ultimately, he failed to mitigate his losses by declining to make use of his insurance policy soon after it being explained as an option to pursue.

So based on the above, the very highest detriment to Mr H I could fairly find Haven responsible for is – delaying his receipt of a £2,400 settlement, and his ability to fund a replacement car, by two or three months – from April 2024 to June 2024.

Mr H, as far as I'm aware, received £3,000 as a settlement as gesture to resolve the claim. Haven also agreed, following our Investigator's review, to pay him £400 compensation. So £3,400 in total. That's £1,000 more than the £2,400 I consider he would have received had he not opted for the scheme. I think that's enough to cover likely alternative transport costs during the two to three months – and to provide him with an amount to recognise the inconvenience of being without a car for that period. For that reason I'm not going to require Haven to pay Mr H anything more.

Finally Mr H has made points about Haven's appetite for pursuing the third-party for recovery of his losses – to allow him to avoid a fault claim record. But any actions that were or weren't taken appear to have been under the scheme. As has been explained to Mr H, actions under the scheme aren't something, unlike those taken under his motor insurance policy, I'm able to consider in this complaint.

My final decision

For the reasons given above, Haven Insurance Company Limited should, if it hasn't already, pay Mr H £400 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 10 January 2025.

Daniel Martin
Ombudsman