Financial Ombudsman Service

The complaint

Miss B complains about the delays Aviva Insurance Limited has caused in settling her claim on her motor insurance policy. She wants compensation for the stress and inconvenience caused.

What happened

Miss B is a named driver on her sister's policy. She had an accident with another driver. She notified Aviva and she was unhappy that the call handler said she was likely to be held at fault before all the facts were made clear. Aviva said it would consider further evidence. But Miss B was then unhappy there was a delay in repairs being authorised. Aviva also had the wrong registration plate for the other driver's car. It contacted the insurer for this car and involvement was denied. Aviva then recorded the claim as fault and accepted liability. The claim was then closed.

Aviva received a police report and redirected the claim to the correct insurer nine months later. Aviva wrongly told the other insurer that it accepted liability. But when Miss B complained, it retracted this and offered her £30 compensation which it later increased to £330. Miss B was unhappy with this. She thought it should offer her £1,000.

Our investigator recommended that the complaint should be upheld. She thought there had been five areas of error that had caused delays in the claim and had an impact on Miss B. And so she thought Aviva should increase its offer to £500.

Miss B replied that this wasn't enough. Aviva replied that it stood by its offer. It said its offer took into account Miss B's delays. It asked for an ombudsman's review, so the complaint has come to me for a final 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.

I can understand Miss B's frustration that this matter has been ongoing for over two years. I was sorry to hear that she had been assaulted and is still suffering because of the accident.

When an insurer makes mistakes, as Aviva agrees it has done here, we expect it to restore the consumer's position as far as it's possible to do so. We also consider the impact the errors had on the consumer.

In its response to Miss B's complaint, Aviva said it had considered two issues: that it had incorrectly admitted liability and this had potentially prejudiced Miss B's personal injury claim; and, that there had been avoidable delays in the claim because it had recorded the incorrect registration for the other driver and so was pursuing the wrong insurer.

To put this right, Aviva had withdrawn its admission of liability so Miss B's claim for her uninsured losses could proceed. And it offered her £330 in total for the distress and inconvenience caused.

But I don't think this goes far enough in the circumstances. I'll now explain why I think this.

Miss B was unhappy that when she notified Aviva of the claim it recorded it as a fault. But, from Aviva's notes, Miss B was very confused about what had happened at this point. When Miss B complained and explained that the police may have CCTV evidence Aviva said it would pursue this, which it tried to without success. And it changed how the claim was recorded to non-fault. I think that was fair and reasonable in the circumstances as it restored Miss B's position. From Aviva's notes, she seemed content with this outcome.

I think there were delays in having the repairs to the car authorised. Miss B had to call Aviva more than once to chase this up and to have all the repairs authorised. I don't think Aviva has compensated Miss B enough for this.

I think Miss B wasn't given enough information about the legal cover available on the policy so that she could recover her uninsured losses. This came to light a year after the accident. Miss B said she may have been called by the solicitors but thought it was just a nuisance call. I can't see that Aviva followed this up at the time. So the solicitors closed their file. I think this caused avoidable delay in the claim.

I think Aviva made a mistake when it closed the claim and accepted liability, albeit on a without prejudice basis. It mistakenly closed the claim as it wrongly thought it hadn't made an outlay when it already had an invoice for repairs. Also, it didn't tell Miss B this at the time. This came to Miss B's attention a year later when her solicitors told her this may affect her personal liability claim.

I can't see how Aviva came to have the wrong registration for the other driver's car. I can't see this recorded in its file. Miss B told it that she'd written it down when she pursued the other driver. She also described his car. When the first insurer Aviva pursued denied liability, I can't see that Aviva checked this with Miss B or confirmed the car's description with the insurer. Aviva had tried to contact the police earlier in the claim but it didn't follow this up when Miss B told it that the other driver had admitted liability to the police. Contact with the police at this point may have clarified matters.

The result was a further delay in the claim of six months.

Taken together, I think these delays and mistakes caused Miss B significant distress and inconvenience. I think they could have been avoided if Aviva had made better contact with Miss B and followed up any outstanding information. Miss B now has the additional trouble of having to contact her current and previous insurer to reclaim any overpaid premium due to the open claim.

Putting things right

The investigator recommended that to put things right Aviva should increase its offer of compensation to £500. I think that's fair and reasonable as it's what I'd require in similar circumstances.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Aviva Insurance Limited to pay Miss B £500 (£170 in addition to £330 already offered) in compensation for the distress and inconvenience caused by its handling of her claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 19 August 2020.

Phillip Berechree
Ombudsman