

## The complaint

Mr and Mrs H are complaining about the administration of their car insurance by Aviva Insurance Limited. The policy holder is Mrs H with Mr H as named driver. Mr H has been the main correspondent.

## What happened

In December 2019, Mr H was driving his car, a Suzuki, when he was stopped by police. They told him he was driving without insurance and impounded his car. Aviva later admitted they'd entered the wrong registration number on the system so it was their fault the car had been impounded. This was the second time in a few months that Mr H had been stopped by the police and had a car impounded because of Aviva's errors. Aviva paid Mr and Mrs H £400 to cover the costs of recovering the car from the impound and then a further £150 to cover transport costs, and in January 2020 they offered a further £300 in compensation for the inconvenience and upset they'd caused.

Mr H went to pick the car up from the impound but was told the car was undriveable and a total loss. It seemed to have been damaged in the process of towing the car to the impound.

Mr and Mrs H made a claim, and Aviva's claims team began to handle this. Aviva asked Mr and Mrs H to provide copies of their driving licences and also the ownership document for the car (the V5). They said they needed to see these documents before they'd progress the claim.

During the course of January and February 2020, Aviva and Mr H had several conversations about the documents that Aviva had asked for. Mr H was unwilling to provide them and Aviva insisted they needed to see the documents before progressing the claim. During April, Mrs H provided the V5 and her driving licence, but Aviva didn't receive Mr H's driving licence until the end of June.

When Aviva received the final document they spoke with Mr H to confirm they could value the Suzuki but at this point Mr H told Aviva he'd reported the car stolen. Aviva told Mr H they'd need him to remove the stolen marker before they could make any payments for the vehicle valuation. They told him they'd assessed the pre-accident value at £2,160. And they said they'd deduct £150 excess from this and pay him £2,010 when he'd removed the stolen marker.

Mr H has raised a number of complaints to Aviva about this incident. Our service initially treated these as two separate complaints but this decision will deal with all the complaint points in relation to the Suzuki.

In summary, Mr and Mrs H's complaint points are:

- The valuation of the Suzuki is too low and should be around £4,000.
- It's taken Aviva too long to progress this claim.
- This has meant they've had no access to a vehicle since early February 2020 when the courtesy car period expired.
- Some of Mr H's personal belongings are still in the car and he's had no access to them.

- The whole incident has had a significant impact on Mr H's mental health, and on his family.

Our investigator looked into Mr H's complaints. She said the valuation of the Suzuki was fair. She felt Aviva had progressed the claim as quickly as they could have done given the time it took Mr and Mrs H to provide the documents Aviva asked for. She said she hadn't seen enough to say that Aviva should compensate Mr and Mrs H for anything that happened after January 2020. But she thought Aviva should increase their offer of compensation from £300 to £500 because of the significant impact the impounding had on Mr H's mental health and consequently on Mrs H.

Aviva accepted our investigator's view – but Mr and Mrs H didn't. They asked for an ombudsman's decision – so it's come to me.

When I reviewed the case, I thought we might be able to resolve it more effectively without a decision. So I asked Aviva if they'd consider:

- treating the incident as a direct loss rather than as a claim on Mr H's insurance;
- paying Mr and Mrs H the value of the car (including the excess) without requiring the stolen marker to be removed or alternatively re-valuing the car as a stolen vehicle and offering to pay that valuation; and
- increasing their offer in respect of trouble and upset.

I also asked them to provide some instructions as to how Mr H could collect his personal belongings from the car.

Aviva agreed to treat the incident as a direct loss rather than a claim, and they agreed to pay the value of the car without any further debate over the stolen marker. They offered to pay £800 total compensation for the overall impact on Mr and Mrs H. And they gave the phone number for the company holding the car so that Mr H could arrange to collect his personal belongings. Mr H asked if Aviva would cover the cost of travelling to pick up his belongings but Aviva declined this request. Instead they offered that if he sent a list of belongings they would arrange for the belongings to be sent to Mr H.

Mr and Mrs H didn't accept Aviva's offer. Mr H was still unhappy with the valuation of the Suzuki and how long the whole incident had gone on for. He felt the compensation should be significantly higher to recognise the impact on him and his family of being without a vehicle for over a year. So I considered everything again and issued a provisional decision on 4 May 2021. In my provisional decision I said I thought Aviva's latest offer would be a fair resolution. In that decision I said:

*“Overall treatment as direct loss rather than a claim*

*I can see from some of the correspondence between Mr H and Aviva that one of the things that upset Mr H was that Aviva were treating it as a claim against his and Mrs H's insurance policy. I can understand why – if it hadn't been for Aviva's mistake the damage to the car would never have happened. Aviva have now agreed to treat it as a direct loss and will need to make the relevant changes to their own records and the central databases to ensure they accurately reflect the incident.*

Valuation

*Aviva used one of the trade motor guides to assess the pre-accident value of the Suzuki. This is the approach we'd normally suggest – though we might expect to see more than one guide consulted. The valuations from the three guides we use ranged from £1,790 to £2,090, so Aviva's valuation is higher than any of the three guide values.*

*I appreciate Mr H says the Suzuki is worth more, and provided some examples of adverts for similar vehicles to Aviva. But, looking at these, the cars being advertised at a*

*higher price had much lower mileage and were slightly newer than Mr H's car. In addition, advertised prices tend to be higher than actual sale price – which is why we normally consider the guide prices to be more persuasive. So I'm not persuaded that the valuation should be higher and I'm minded to say Aviva's valuation is fair and reasonable.*

#### **Delays**

*The Suzuki was impounded in December 2019 and it has taken until April 2021 for Aviva to pay the settlement for the vehicle.*

*However, between January 2020 and June 2020, Aviva was waiting for Mr and Mrs H to provide the documents they'd asked for to validate the claim. And from June 2020 to April 2021, Aviva were unwilling to pay the settlement because Mr H had reported the car stolen.*

*Aviva explained to Mr H on several occasions that their terms and conditions allowed them to ask for copies of documents in order to validate claims. Mr H didn't want to provide the documents and so I can understand why Aviva didn't progress the claim. Mr H reported the car stolen because he was frustrated with how long Aviva had held the vehicle and not paid the settlement for it. So it seems the delays were largely caused by Mr and Mrs H's unwillingness to cooperate with Aviva's request for documents.*

*But I think Aviva are partly to blame for the delays. If this incident had been treated as a direct loss rather than a claim from the beginning, it's likely much of Mr H's frustration might have been avoided. He may have been more willing to provide documents – or Aviva may have decided they didn't need them given the incident had arisen due to their error.*

*So I'm inclined to say that Aviva need to take some responsibility for the delays – but that Mr and Mrs H should have cooperated with Aviva and this would have enabled the matter to be settled much more quickly. I haven't considered compensation for this separately, but have covered it below when looking at the impact of the whole incident on Mr and Mrs H.*

#### **Access to a vehicle**

*I can see Mr H repeatedly asked Aviva for additional access to a courtesy car beyond early February. However, the policy terms state that when a car can't be repaired, a courtesy car will only be provided for 14 days – or until the settlement's paid, if that's earlier.*

*The Suzuki was confirmed as a total loss on 17 January 2020. Aviva extended the courtesy car hire at that point to 31 January. So they provided a courtesy car in line with the terms of the policy. I think this is fair – if Mr and Mrs H had provided the documents they'd been asked for within a few days it's likely the settlement would have been paid around the time the courtesy car hire expired.*

*Mr H didn't return the courtesy car when asked to. The hire company picked the car up a week or so after the hire period ended, and reported a significant amount of damage to Aviva. I can see when Mr H later asked for a courtesy car, Aviva took this into consideration when they declined. I'm inclined to say this was fair – they weren't obliged to give Mr H a courtesy car under the policy terms and previous behaviour suggested that any car provided might be damaged.*

*I know Mr and Mrs H are upset that they haven't had access to a car for over a year. Aside from Mr and Mrs H's part in the delays (as outlined above), I'm aware Aviva paid total loss settlements to them in respect of two other cars around the end of 2019. So I'm not minded to hold Aviva responsible for the fact that Mr and Mrs H haven't had*

*access to a vehicle – it seems to me they could have replaced one of the vehicles they lost in late 2019.*

Personal belongings

*Part of Mr H's complaint is that he hasn't had access to the personal belongings that were left in his car. I can see he discussed this with Aviva on several occasions and they suggested he send in a list and they would arrange for the belongings to be returned to Mr H. However, I can't see Mr H did this. Aviva have now provided details so that Mr H can make arrangements to collect the belongings himself. If he'd prefer, he's still welcome to send a list of belongings to Aviva – they're still willing to have them sent to his home address at no cost to Mr H. I'm minded to say this is fair – Mr H has two options for getting his belongings back.*

Overall impact of the incident on Mr H and his family

*Mr H has told us of the impact this has had, and I can see he mentioned this to Aviva during the course of numerous conversations as well. I'll summarise what he's said:*

- *Being stopped by the police for the second time in a few months was extremely stressful, as well as embarrassing. He had to wait in the cold for several hours and then needed to go to hospital to be treated for stress afterwards.*
- *This led to an increase in seizures and panic attacks over the following months.*
- *Having no access to a vehicle has meant Mr and Mrs H have effectively been prisoners in their own home. They've felt very isolated.*
- *Mr H has been unable to see his children because of not having a car – or on occasion has spent significant amounts on taxis to travel to see them. So this has had an impact on the wellbeing of Mr H's children as well.*

*It's clear to me that the initial impounding of the car as well as the subsequent lengthy conversations and arguments between Mr H and Aviva have exacerbated Mr H's mental health conditions. And I can understand how this would have been compounded by feeling isolated by having no car.*

*However, I have to consider to what extent I can hold Aviva responsible for what Mr and Mrs H have been through. And, as I've explained above, I think they could have significantly reduced their suffering by providing documents when Aviva first asked for them, and perhaps also by using the settlements from previous vehicle write-offs to buy another car.*

*Taking all this into account, I'm minded to say Aviva's offer of £800 is fair and reasonable."*

Aviva accepted my provisional decision, but Mr H didn't. In summary, Mr H said the impact of Aviva's errors and poor customer service had been devastating to his health and to his family and he felt that £800 was nowhere near enough to recognise this. He also said he'd sent the required documents in to Aviva so felt that aspect of the provisional decision was factually inaccurate.

### **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 considered Mr H's comments on my provisional decision. I appreciate Mr H is extremely upset by Aviva's actions. However, Mr H's comments aren't new, they're a repeat of previous comments, and they haven't changed my mind. So, my final decision is unchanged from my provisional decision.

## **My final decision**

As I've explained above, I'm upholding Mr and Mrs H's complaint. Aviva Insurance Limited need to:

- Pay £2,160 in settlement for the Suzuki (if they haven't already);
- Treat the incident as a direct loss rather than a claim, making the relevant changes to their own records and to central databases (including the Claims and Underwriting Exchange (CUE); and
- Pay £800 to Mr and Mrs H for the substantial upset their mistake has caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 5 July 2021.

Clare King  
**Ombudsman**