

The complaint

Mr M complains about how Aviva Insurance Limited handled a claim made on his motor insurance policy. He wants £1,500 compensation for his distress and inconvenience.

What happened

Mr M's car was stolen, and he made a claim on his policy. And he asked for a courtesy car, but he wasn't provided with one. Aviva investigated the claim and then validated it six weeks after receiving the investigator's report. It then paid the claim a month later. Mr M was unhappy that he wasn't provided with a courtesy car, that there were delays in the claim, and that he was kept on hold for long periods.

Aviva agreed there had been errors in the claim handling. It said Mr M was entitled to a courtesy car from the date the claim was validated. And it offered him £15 a day for 30 days loss of use. It agreed that the claim should have been paid sooner, so it added £5.26 interest to the settlement. And it agreed that Mr M should be compensated for the distress and inconvenience caused. And it offered him £144.74 for this. But Mr M remained unhappy.

Our Investigator recommended that the complaint should be upheld. She thought Mr M was entitled by an additional benefit bought with his policy to a courtesy car from the date the claim was validated. And she thought Aviva's offer of compensation was fair and reasonable.

But she thought that the claim should have been validated when Aviva received the investigation report and it didn't explain the delay. She thought this had caused Mr M significant trouble and upset. And so she thought Aviva should increase its offer of compensation to £500.

Mr M accepted this. But Aviva didn't reply to the Investigator's view and so the complaint was passed 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 see that Mr M was left feeling frustrated and angry by Aviva's handling of his claim. When a business makes a mistake, as Aviva accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

Aviva agreed that Mr M was entitled to a courtesy car from the date his claim was validated. I can see that on page 8 of Mr M's policy booklet it states that a car won't be provided until the claim is accepted and cover is confirmed.

But Aviva didn't provide a car when the claim was validated and so I agree that Mr M is entitled to a loss of use payment from this point until the claim was settled. Aviva calculated a loss of use payment of £450 from the date the claim was validated until the date of settlement at an enhanced rate of £15 a day. I think that was fair and reasonable in the circumstances.

Aviva also agreed that it hadn't assessed the car's value correctly and this had to be reviewed and increased. It offered Mr M £5.26 for the interest on his settlement due to this 30 days' delay in settling his claim. I think that was fair and reasonable as it restores Mr M's position.

Aviva thought the claim hadn't been validated as quickly as it thought it should have been. And I think Aviva is required by the relevant regulations to deal with claims promptly.

Our Investigator asked Aviva to explain how long a claim usually took to validate once it had received the investigation report. But it didn't respond. But I agree with the Investigator that 40 days from receiving the report to validation is excessive.

So I've considered the impact this and the other delays in the claim had on Mr M:

- Mr M told Aviva that he lived in an isolated spot, far from the shops with a pregnant partner and small child. And I can see that he told Aviva that he needed a car and didn't have the funds to buy a replacement.
- Mr M has explained that he had to make alternative arrangements for his transport by paying a friend to borrow his car, and this caused him inconvenience.
- The delay in the validation caused an additional loss and much upset and inconvenience for Mr M.
- Aviva didn't offer Mr M a courtesy car, that he was entitled to, even after the claim had been validated and Mr M twice raised the issue.

So I agree with the Investigator that Aviva's poor service caused Mr M prolonged and significant trouble and upset. Aviva offered Mr M £144.74 compensation for this. But I don't think that is sufficient recognition for the impact of its poor service and delays in these circumstances. I agree that Aviva should increase its award to £500. I think this amount is in keeping with our published guidance and so it is fair and reasonable.

Putting things right

I require Aviva Insurance Limited to pay Mr M £955.26 compensation in total for his loss of use and for the distress and inconvenience caused by its delays and poor handling of his claim.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Aviva Insurance Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 12 May 2022.

Phillip Berechree
Ombudsman