

The complaint

V complains about how Aviva Insurance Limited settled a claim it made on its mini fleet insurance policy.

Reference to Aviva includes its agents

What happened

V holds a mini fleet insurance policy with Aviva. When one of its vehicles was stolen, it made a claim to Aviva.

Aviva accepted the claim and offered V £45,000 minus the policy excess to settle the claim. It said this represented the market value of V's vehicle. V didn't accept this. It said the amount was too low and that it couldn't replace the vehicle for that amount of money.

Aviva increased its offer to £49,150 minus the policy excess. But V still didn't accept this.

V brought its complaint to us. It provided a number of adverts for similar vehicles and explained why it thought its vehicle was worth more than the offer Aviva made. It also complained about delays in receiving the interim payment from Aviva while the valuation was in dispute.

One of our investigators looked into V's complaint and thought it should be partly upheld. They thought the value Aviva had placed on V's vehicle was fair and in line with our approach. But they thought Aviva needed to pay V additional interest for the delayed payment, and compensation of £100 in acknowledgement of the inconvenience caused by the delay.

Neither V nor Aviva agreed.

Aviva said it had offered to pay further interest, but this was declined. And it didn't think V had experienced enough inconvenience to warrant an offer of compensation.

V agreed with the offer of compensation and additional interest but didn't agree that the amount Aviva had offered to settle the claim was fair.

So, the case has come to me to issue an ombudsman's 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.

Having done so, I'm partly upholding V's complaint too.

V's policy says that the most Aviva will pay on any claim is the market value of the vehicle immediately prior to the loss. It defines the market value as *"The cost of replacing your vehicle with one of the same make, model, specification and condition"*.

Finding the market value of a vehicle isn't an exact science, and it's not my role to determine the market value of V's vehicle. My role is to determine whether Aviva's offer is fair. And to do that we have a set approach detailed on our website which V has been made aware of.

In this case, I'm satisfied Aviva followed our approach. It used a number of industry guides and made an offer within the range of those guides. We've also used those same guides to run valuations for V's vehicle, and Aviva's offer of £49,150 is within the range of those guides.

I understand V thinks our approach is unfair. But I'm not persuaded that's the case. The guides we, and indeed Aviva have used are constantly updating their data based on current trends in the market. So, I still find these the most persuasive evidence when determining whether or not Aviva's offer to settle V's claim is a fair reflection of the vehicle's market value.

I find these more persuasive than adverts as they use nationwide data and take into consideration the make, model, specification and condition (including mileage). Adverts on the other hand value only the specific vehicle they relate to. And finding a like for like vehicle, of the same make, model, specification and condition is extremely unlikely. Of the adverts provided, I'm not persuaded any indicate that the motor trade guides are inaccurate.

I do think Aviva delayed paying the interim payment on two occasions. I can see it's offered paid the interest for that delay on one occasion. And that it offered to pay it for the second occasion too. I understand the second occasion was declined, but I think Aviva should pay this regardless. For clarity, Aviva should pay 8% simple interest on both the initial and second delay in the interim payment if it's not already done so.

I also agree with our investigator that not receiving and then chasing an interim payment would have been inconvenient for V, even if those concerns were voiced by its representative on the complaint. So, I think Aviva should pay V £100 compensation in acknowledgment of this.

My final decision

My final decision is that I partially uphold this complaint. To put things right I require Aviva to Insurance Limited to:

- Pay V 8% interest for the delay to the interim payments if this has not already been done. Interest should be calculated from the date the payment should have been made, to the day it was actually made.
- Pay V £100 compensation for the inconvenience of the delays and having to chase payments

Under the rules of the Financial Ombudsman Service, I'm required to ask V to accept or reject my decision before 5 June 2022.

Joe Thornley
Ombudsman