

The complaint

Mrs F complains Aviva Insurance Limited has unfairly dealt with a claim made by a third party on her motor insurance policy.

What happened

The background to this complaint is well known to the parties, so I've included a summary here.

- Mrs F has a motor insurance policy with Aviva.
- A named driver on the policy was reversing in a car park and collided with another car, which was also manoeuvring. Mrs F reported the incident to Aviva but didn't make a claim on the policy.
- Some time later she was contacted by her new insurance company which had seen the claim on a No Claims Discount (NCD) document supplied by Aviva but hadn't been notified about it by Mrs F.
- It became apparent the third party had made a claim following the collision and Aviva had paid the claim without letting Mrs F know. She says because she was unaware of the claim, she didn't notify her new insurer.
- She was unhappy with this and said it caused her embarrassment. She was also unhappy with the third party costs Aviva had paid which she considered to have been inflated. Aviva offered Mrs F £50 because it didn't let her know about the claim but otherwise said it hadn't done anything wrong.
- Our Investigator partially upheld the complaint and directed Aviva to pay £100 to Mrs F due to it not informing her about the claim and the related embarrassment caused.
- Aviva accepted this outcome but Mrs F asked an Ombudsman to make a 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.

- From what I've seen, it doesn't seem Mrs F has disputed liability for the claim. But she's unhappy with the amount of the settlement made to the third party. And as Aviva didn't let her know about the claim, Mrs F would like it "written off" and removed from her records and for it to provide her with her old NCD again.
- I've considered the terms of the policy as these are what the parties are obliged to adhere to. In common with many insurance policies, these allow Aviva "*...full discretion in the conduct of any proceedings or the settlement of any claim*". I'm

therefore satisfied Aviva is free to decide how it deals with and settles claims.

- It's not for this Service to decide on the exact amount an insurer should pay under a third party claim, that's simply outside our remit. But I can still consider whether it behaved fairly and reasonably when it exercised the option, taking into account appropriate evidence in reaching its decision.
- I can see the representative for the third party passed on an estimate for the repairs and hire car costs which Aviva considered and concluded weren't unreasonable or inflated. I know Mrs F disagrees with this but I've seen no alternative persuasive evidence which leads me to conclude Aviva should have challenged these costs as being too high. So, I'm satisfied it's acted fairly and reasonably in settling the claim as it has. So it strikes me that even if Aviva had informed her of the claim, for the above reasons, this wouldn't have changed the settlement with the third party's insurer.
- And because it's acted fairly in the way it's settled the claim, I won't be asking it to make any amendments to the NCD or take any further action on any increased policy premium as a result of the claim. Aviva is under an obligation to record details of the claim and the amount paid on the appropriate insurance database it follows I'm satisfied this information should remain on the database.
- While under no specific obligation to advise Mrs F about the claim, I think, in the specific circumstances of this case, it would have been helpful to inform her what had happened. This may have avoided the embarrassment of being questioned about the claim by her new insurer. I've kept this in mind when deciding on the amount Aviva should pay Mrs F.

Putting things right

I acknowledge Mrs F says the impact of Aviva's actions would have been more severe if she still worked in the insurance industry but I can only make awards for things that have actually happened, not what *might* have under other circumstances.

I've thought about this carefully and have decided Aviva should pay Mrs F £100 for the distress, inconvenience and embarrassment it caused her as it didn't let her know about the claim made by the third party or the amount it had paid under that claim.

My final decision

My final decision is that I uphold this complaint and direct Aviva Insurance Limited to pay Mrs F £100 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 19 August 2022.

Paul Phillips
Ombudsman