

The complaint

Mr B complains about how Aviva Insurance Limited (Aviva) handled a claim under his motor insurance policy. When I mention Aviva I also mean its suppliers and repairers.

What happened

Mr B had a motor insurance policy with Aviva.

In June 2022 Mr B's car was hit by a third party and he made a claim.

He had purchased a policy which meant he could only make a claim online which he did on 4 July. In the online process, Aviva assessed the car as being beyond economical repair.

In the meantime, Mr B had the car taken to a repairer, who I'll refer to as T, which assessed the repairs at £7,278.66 and reported this to Aviva in mid-July.

Aviva then recovered the car from T to one of its assessors to verify whether it would be written-off.

Mr B asked Aviva for an update on 28 July and during a webchat session he was told his car was written-off and the settlement figure would be £20,250. He provided his bank details to receive payment. Aviva says it didn't confirm this figure and it had explained to Mr B that an engineer needed to confirm the details.

Because he'd been given a figure of £20,250, Mr B then agreed to buy a replacement car.

About nine days after the webchat, Mr B chased Aviva as he hadn't received payment. Aviva told Mr B his car could be repaired. Mr B was unhappy and wanted his car repaired by T. Aviva damaged the car getting it to T and it arranged to repair this damage.

There was a series of delays getting the repairs authorised which lasted about seven weeks more.

Aviva said it upheld Mr B's complaint about the seven-week delay and it telling him his car would be written-off. It also contacted him in error about providing him with a hire car. It said it would pay Mr B £500 compensation for its errors.

Mr B remained unhappy and asked that Aviva pay him the balance between the settlement figure he says it agreed with him and the value of the repaired car which he wants to sell.

He brought his complaint to this service. Our investigator looked into it and upheld it. She thought Aviva's offer of £500 was fair but she thought it should take Mr B's car back and pay him the agreed settlement figure of £20,250, plus interest at 8%.

Aviva didn't agree. It said it hadn't confirmed the settlement figure to Mr B and had said it would need to be agreed by an engineer. It said Mr B had had his car repaired and the view meant he would also receive the value of a total loss payment. It said Mr B chose to buy the replacement car and he didn't tell Aviva that he didn't want repairs to happen.

Aviva's policy didn't allow for both of those payments to be made so it said the view wasn't fair. It asked that Mr B's complaint is reviewed by an ombudsman, so it has been passed to me to make a final decision.

I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

I've read the evidence that's been provided to this service and I can see that Mr B hasn't been kept updated by Aviva throughout his claim. It seems to me that he's had to chase Aviva for progress regularly and I can see from his letters that he's very disappointed and frustrated by his claims experience.

At the end of this claims process he's been left with two similar vehicles and says he will need to sell the repaired one which he thinks would be worth around £17,000 against Aviva's (disputed) offer of £20,250.

But Aviva also say it's paid out for the repairs to his car, which is what its policy says it will do. It doesn't think it's fair for it to make a payment for the total loss as well.

I've considered various aspects of his claim separately and will list them here for ease of reading:

Settlement figure

I've read through the webchat conversation between Aviva and Mr B. Mr B says Aviva told him that he was offered £20,250 but Aviva has said its webchat operator says the figure needs to be checked by an engineer.

Webchat is an interaction based on short textual messages. Because the messages are short, it's important that all the parties involved in them take great care about exactly what is said. I've removed parts of this webchat to shorten the conversation:

In Mr B's case, he's previously been told his car will be written off. So he asks Aviva:

I would like to know whether my car is written off or not?

Aviva replies:

Upon checking your file I see your vehicle is deemed as write off. I see your vehicle is valued and settlement value of your vehicle is £20,250.00.

Mr B accepts:

That appears okay. when will I receive the settlement value?

Aviva then mentions the engineer:

I would request wait, once we will receive the detail report from an engineer then our team will raise payment for you within 1 working day and amount will be credited in your account within 3-5 working day.

Mr B provides bank details and asks:

Can you please give me a more accurate timescale so I will be able to purchase another car?

Aviva reply:

I will contact [the assessor] and ask them to contact you within 1 working day, once we receive the detail report our team will raise payment accordingly.

Aviva later say:

Once [the assessor] will contact you offer you the settlement value and once agreed by you our team will raise payment for you within 1 working day and the settlement value will be credited in your account within 3-5 working day.

Aviva has said in its response to our investigator's view that it's clear Mr B had to wait for the settlement to be agreed by an engineer. It says its claims handler "explained" that to Mr B.

But I don't agree that it's clear or was explained to Mr B. Aviva do mention that an engineer would be involved, but it seems to me that very early on in the conversation Aviva's claims handler writes that the write-off is agreed, and so is the valuation, and the payment will follow.

The phrasing used seems to include the engineer as a mere formality rather than the person who should be providing the settlement figure to Mr B.

And by taking his bank details, I also think it's reasonable that Mr B thinks everything is accepted and he's going to be receiving payment.

Repairing the car

About nine days after Mr B was told his car was written-off, he contacted Aviva by webchat and asks about settlement of his claim.

In this webchat, it told him that the car was repairable. Mr B told Aviva he had ordered a replacement car. It's clear that Mr B is unhappy and he says he will arrange for T to collect the car and carry out repairs. He says in the webchat he's lost all confidence with Aviva.

Aviva then didn't authorise T to carry out the repairs for about seven weeks, during which Mr B didn't have a car to use.

Because he was so disappointed by Aviva's claims service, he bought a replacement car. Mr B has explained he needed a car to go on an important holiday.

I've thought carefully about this. I think I should consider whether Aviva's actions meant that Mr B had to buy a replacement car whilst his car was being repaired.

There are various factors I need to consider here, such as that Mr B would probably have been entitled to a courtesy car for the duration of his repairs if he'd used Aviva's approved repairer rather than T. But given Mr B's experience of Aviva's claims process so far, I don't think it's unreasonable of Mr B to have used his own choice of repairer.

Mr B has said he was left without transport from June to September because of Aviva's claims delays and poor handling of his complaint. Given that Aviva told him his car had been written-off, I don't think it's unreasonable of him to look buy a replacement.

But then he was told his car would be repaired and he continued to buy one while Aviva continued to delay his claim. I do think he could have done to understand what was going to happen once his car was repaired, but by this point in the claim I can understand that he felt

the relationship had deteriorated to a point at which he needed to make a decisive move to keep himself mobile so he could attend some pre-arranged holidays.

I note from later correspondence that Mr B considers that the car might be worth less because of the extent of the repairs that'd been done to it.

In a different situation I'd consider asking Aviva to pay for the value of a hire car during Mr B's claim as I think it's clear that Aviva's mismanagement of his claim has caused him significant inconvenience. But I also don't think it's reasonable to ask Aviva to pay for the full price of a replacement car when it has already settled Mr B's claim at around £7,000.

Summary

I've looked at Aviva's policy wording. The policy is clear that it will pay for either the repairs or the total loss value arising from one incident.

So I need to think about whether it would be fair and reasonable for me to require Aviva to, effectively, buy-back Mr B's first car and indemnify him for his losses on it, even though I appreciate Aviva could then continue to sell the repaired car and recover much of its costs. This is in addition to Aviva paying for the repairs to the car.

I also need to consider that Aviva's poor handling of this claim and the opportunities it's had to put the situation right have meant that Mr B has felt no option but to proceed as he did.

I think Aviva's error in telling Mr B his car had been written off and the settlement figure was significant. But once it'd made this significant error, Aviva continued to make further mistakes during the claim. It seems to me that the worst of these was simply to not control the claim and guide Mr B sufficiently well enough so that he could make the correct decisions.

So, I think it's reasonable to expect Aviva bear responsibility for its errors. I don't think it's reasonable to ask Aviva to pay for the full price of a replacement car when it has already settled Mr B's claim at around £7,000, but I do think it's reasonable to expect that it pays the difference between the settlement figure it offered Mr B (£20,250) and the value of the vehicle.

Car values have varied hugely in the past few years, and I can see that Mr B thinks it is worth about £17,000 in early 2023, less the amount he'd have to pay for it to be sold. I think it's fair to say that the car will have changed in value since the damage happened in June 2023. This service's approach is to use trade guides to arrive at a figure for a vehicle's value.

I think it's fair to ask Aviva to pay the difference between the settlement figure I think it reasonably offered him, and the average of the trade guide values as at the date he bought the replacement car, which was 25 August. I think it's fair to use this date because it's when Mr B needed to get himself mobile again. I don't think it would be fair to ask Aviva to pay the difference to the date of my decision, because I think it's been Mr B's decision to retain and store the car for this long, and I can't say that's Aviva's fault.

I also don't think it's fair to expect Aviva to pay for the cost of selling the car because the method of doing this will remain Mr B's choice.

It's clear that Mr B's distress and inconvenience has been significant throughout his claim. Aviva has offered Mr B £500 compensation for this and I think this amount is fair.

Responses to my provisional decision

Both parties agreed with my provisional 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.

Because both parties agreed with my provisional decision, my final decision and reasoning remains the same as in my provisional decision.

I've mentioned above about the value of Mr B's car at 25 August. Aviva will have access to trade guides, but I'm aware that Mr B probably won't.

So I've carried out some research into the trade guide values as at 25 August 2022 and I can see they give an average value of £18,864. Aviva has agreed this value, so I have used this figure in my final decision below.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint. I direct Aviva Insurance Limited to pay Mr B:

- £500 compensation for his distress and inconvenience.
- The difference between £20,250 and £18,864 (which is £1,386), plus interest at 8% simple from 25 August 2022 to the date payment is made.

Aviva Insurance Limited must pay the amount within 28 days of the date on which we tell it Mr B accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 May 2023.

Richard Sowden
Ombudsman