

The complaint

Mr H complains about how Aviva Insurance Limited (Aviva) handled a claim under his Motor Caravan Insurance Policy for the loss of his camper van.

References to Aviva in this decision include their agents.

What happened

In October 2023 Mr H's three year old camper van was involved in an accident. He contacted Aviva to tell them about the accident and lodge a claim. Aviva's engineer inspected the camper van and deemed it to be a Category S (structural damage) total loss. The engineer valued the camper van at £58,500.

Mr H carried out his own research into the market for camper vans, producing a schedule of what he considered similar vehicles. From this, he thought he couldn't buy a replacement, similar camper van for less than £65,000. He didn't think the engineer had reached a fair and reasonable valuation. So, he complained to Aviva.

Aviva considered Mr H's complaint, but they didn't uphold it. In their final response they said they'd followed their valuation dispute process and their senior engineer maintained the offer on a valuation of £58,500. So, they wouldn't be increasing their offer. Aviva said their claims team had paid the settlement (less the policy excess of £200) on a 'without prejudice' basis.

Mr H then complained to this Service. He was unhappy at the valuation of his camper van, saying the settlement offered didn't enable him to purchase a replacement vehicle similar to his own. From his market research, he was being offered £6,500 less than it would cost him to replace his camper van. While Aviva's final response indicated they'd paid the settlement offered 'without prejudice', he hadn't received it. He wanted Aviva to make a settlement based on the valuation he thought appropriate to enable him to replace his camper van.

Our investigator upheld the complaint, concluding Aviva hadn't acted fairly in their offer. The approach of this Service to vehicle valuation would generally be it was fair for a consumer to be offered the highest value from recognised trade guides. But the nature of Mr H's camper van meant it wasn't covered by recognised trade guides, in which case the approach would be to look at adverts for similar vehicles. The camper van manufacturer had suggested a value around £60,000 based on the build, mileage and use of Mr H's camper van. They also suggested models from other manufacturers they considered similar.

Looking at the adverts provided by Mr H, they ranged up to £69,999 but the investigator thought a suitable range was £60,000 to £63,000. Adverts in Aviva's engineer report ranged from £54,999 to £62,999. From these points, the investigator thought £62,999 a reasonable valuation. This meant an increase of £4,499 over Aviva's offer of £58,500. Aviva should add interest to this additional amount.

Aviva disagreed with the investigator's view, requesting an ombudsman review the complaint. They maintained their offer was fair and reasonable. Mr H's spreadsheet of

vehicle valuations used dissimilar vehicles. But to help resolve the complaint, they offered to increase their valuation to the £60,000 figure from the manufacturer.

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.

My role here is to decide whether Aviva have acted fairly towards Mr H.

The main issue in Mr H's complaint is Aviva's offer for his camper van (£58,500 and subsequently increased to £60,000). Mr H says it isn't sufficient for him to purchase a replacement vehicle similar to his own. Aviva say they've made a fair and reasonable offer.

Having considered all the evidence and information provided by Mr H and by Aviva, in the specific circumstances of the case, I've concluded Aviva haven't acted fairly and reasonably. I'll set out why I've come to this conclusion.

Looking at what the policy says, it provides for vehicles to be replaced (in the event of total loss) based on market value. The policy defines market value as:

“The cost of replacing your car with one of the same make, model, specification and condition. The market value may also be affected by other factors such as mileage, MOT status (if one is required), how you purchased your car and whether it has been previously declared a total loss.”

In considering whether Aviva have made a fair and reasonable offer, I've followed the approach we take as a Service to vehicle valuation. Normally, this would involve looking at valuations from several recognised valuation guides. However, in this case the valuation guides don't cover Mr H's vehicle. In these circumstances we consider other sources of valuation information, including those from the consumer and the insurer, as well as vehicle adverts, the opinions of dealers and other sources.

In this case, there is the report from Aviva's engineer (which includes several vehicle adverts), the views of their senior engineer, as well as the view of the vehicle manufacturer and a motorhome retailer. Mr H has also provided a schedule of adverts for vehicles he considers similar to his vehicle.

Starting with Aviva's engineer, their report concluded the value of the camper van was £58,500. It also comments on the schedule produced by Mr H which he says supports his view the valuation should be higher. The report includes the following statement:

“Based upon the research carried out and the adverts for [make] vans I conclude that the valuation on the vehicle of £58,500 is fair and reasonable.”

The adverts/spreadsheet is not the same vehicle and not relevant to this valuation. The owner paid £58,900 for the vehicle when new. So the offer is fair on the basis that the vehicle is 3 years old and no longer a new vehicle. This value is confirmed by the actual manufacturer of the vehicle and reflective of the current market value and all motorhomes/vans tend to drop in value in the autumn months due to surplus vehicles on the market due to the end of the season.”

In reviewing the valuation as part of their final response, Aviva's senior engineer references a motorhome retailer that states:

“Generally, a motorhome depreciates at a much slower rate than either caravans or cars. On average, at the end of three years, it should still retain 70% of its original value. It’s the equivalent of 10% per year...A motorhome usually depreciates less the longer you own it. In subsequent years (3 years +), the motorhome’s depreciation rate is generally far less than 10% per year.

The policyholder paid £58,906.40 in 04/02/2020 and when you apply the market depreciation up to the time of loss this indicates the vehicle would be worth in the region of £42,000. This shows our engineer’s value of £58,500 is arguably a generous one. The policyholder is asking for £65,000 which is more than they paid for the vehicle in 2020, there is no market evidence to suggest second-hand motorhomes have increased beyond their cost new. In this case there is no justification for an increase in valuation beyond the £58,500 already offered...

As an aside, the [vehicle] list price for a 2024 built [model] is £74,676 this also shows that the suggested £65,000 is an unrealistic value for a three-and-a-half year-old motorhome.”

The adverts included in the engineer’s report range in value from £54,995 to £62,999 (for the similar make and model of vehicles the manufacturer said were direct competitors). Most, if not all would appear to be older vehicles than that of Mr H’s vehicle, albeit by a year or two in most cases.

I’ve also looked at the information provided by Mr H about his market research on camper van values. They are advertisements for what he considers similar vehicles – although I’ve discounted those that aren’t clearly one of the similar models suggested by the manufacturer of Mr H’s vehicle. While the ages and mileages vary, the range of values is £54,995 (for a vehicle four years older than Mr H’s vehicle) through to £69,995 (for one of the same year but considerably lower mileage than Mr H’s vehicle).

I’ve also considered the points made by Aviva about the likely depreciation of a camper van, given Mr H’s vehicle was three and a half years old at the time of its loss, together with the £58,900 he paid for his vehicle. However I’m not persuaded this provides a fairer valuation than looking at the advertised prices of vehicles for sale, given the rarity of the make and model of Mr H’s camper van. I’ve also noted the point that a new build vehicle of the make and model of Mr H’s camper van would be £74,776 – considerably more than the cost of his vehicle when purchased. And while the manufacturer gave an indicative valuation of £60,000 I think the values of advertised vehicles for sale is a better guide in the specific circumstances of this case.

Given what I’ve said about the values of vehicles in the engineer’s report and those provided by Mr H, I think a value of the higher end of those provided by the engineer would be fair and reasonable. I’ve also noted the engineer and Mr H have provided examples of the same equivalent model (of a slightly older age) at £62,995. So, I think a settlement figure of £62,995 would be fair and reasonable in the specific circumstances of this case.

As this figure is higher than Aviva’s initial offer of £58,500 (and their revised offer of £60,000) then I think it would be fair and reasonable to add interest (at a rate of 8% simple) on the difference between their initial offer and £62,995 (a difference of £4495).

My final decision

For the reasons set out above, it’s my final decision to uphold Mr H’s complaint. I require Aviva Insurance Limited to:

- Settle Mr H’s claim for the loss of his camper van based on a valuation of £62,995.

- Pay interest on the difference between their offer (£58,500) and the figure of £62,995 calculated from the date of their offer of £58,500 to the date they settle the claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 25 July 2024.

Paul King
Ombudsman