

The complaint

Mr W has complained about the amount Aviva Insurance Limited has paid in settlement of his motor insurance claim.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute, so I'll focus on giving the reasons for my 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 agree with the conclusions reached by the investigator for these reasons:

- I've checked the guides we use for providing the likely replacement cost of vehicles and I'm satisfied that the likely replacement cost of Mr W's vehicle at the time it was declared a total loss was £34,292.
- Our approach is to say an insurer's settlement in this situation should be based on the highest guide value or very close to it, unless it can provide evidence to show this value is wrong.
- None of the adverts provided by Mr W or Aviva demonstrate that the replacement cost would have actually been higher or lower than this. This is either because they are not for like for like vehicles or there is insufficient detail to show they are for like for like vehicles.
- I appreciate Mr W thinks it would have cost more than this to replace his vehicle, but the guides do not support this view. They show what the likely selling prices of similar vehicles were, including the ones with similar extras to Mr W's at the time of his claim.
- I think it is also worth saying that in our experience optional extras like the ones on Mr W's vehicle make very little difference to the overall selling price of a second-hand vehicle like Mr W's.
- I think Aviva's offer of near the lower end of the valuation guides caused Mr W unnecessary distress and inconvenience. And I agree with our investigator that he should receive £100 in compensation for this.

Putting things right

For the reasons set out above, I have decided to uphold Mr W's complaint and order Aviva to do the following:

- Pay Mr W the difference between the amount it has already paid as settlement of the claim and what the settlement amount would have been using a value for Mr W's vehicle of £34,292.
- Pay 8% simple interest per annum on the difference, calculated from one month after

the date of claim, to the date of settlement.*

- Pay Mr W £100 in compensation for distress and inconvenience. Aviva must pay the compensation within 28 days of the date on which we tell it Mr W accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.*

*Aviva must tell Mr W if it has made a deduction for income tax. And, if it has, how much it's taken off. It must also provide a tax deduction certificate for Mr W if asked to do so. This will allow Mr W to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.

My final decision

I uphold Mr W's complaint and order Aviva Insurance Limited to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 16 July 2024.

Robert Short
Ombudsman