

The complaint

Mr F and Mrs F complain that Aviva Insurance Limited mishandled a claim on a motor insurance policy.

What happened

The subject matter of the insurance, the claim and the complaint is a car or sports utility vehicle, first registered in late 2014.

Mr F had the car insured on a comprehensive policy with Aviva for the year from late February 2023. The policy covered him as policyholder and Mrs F as a named driver. Any claim was subject to an excess of £100.00.

Unfortunately, Mr and Mrs F reported that in early February 2024, the car had been damaged in an accident. Mr F made a claim on the policy.

Some of the complaint is about acts or omissions of vehicle assessors and others on behalf of Aviva. Insofar as I hold Aviva responsible for them, I may refer to them as acts or omissions of Aviva.

Aviva said the car was a total loss and its pre-accident value had been £6,676.00.

Mr and Mrs F complained to Aviva that it was under-valuing the car.

By a final response dated late February 2024, Aviva said that it had increased the valuation to £7,499.00 and made a without prejudice payment.

Mr and Mrs F brought the complaint to us in late March 2024.

Aviva increased its valuation from £7,499.00 by £651.00 to £8,150.00.

In June 2024, our investigator didn't recommend that the complaint should be upheld. She thought the valuation of £8,150.00 was fair.

Mr and Mrs F disagreed and asked us to investigate.

Our investigator didn't recommend in July 2024 that the complaint should be upheld. She thought that Aviva's offer of £8,150.00 was in line with our approach.

The investigator consulted our motor insurance practice group and changed her opinion in early August 2024. She recommended that the complaint should be upheld in part. She still thought that £8,150.00 was a fair valuation.

However she thought that Aviva should add interest on the £651.00 difference from the point the initial payment of £7,499.00 was paid to the point the difference due is paid. She also thought that Aviva should pay £100.00 for the distress caused by the delay in getting the

correct payment to be able to replace the car. The investigator recommended that Aviva should pay:

1. £651.00; and
2. 8% simple interest; and
3. £100.00 for the trouble and upset experienced by Mr and Mrs F.

Aviva accepted the investigator's changed opinion.

Mr and Mrs F disagreed with the investigator's changed opinion in part. They asked for an ombudsman to review the complaint. They say that:

"... we feel aggrieved that the insurance company have only offered an appropriate sum for our car most recently and it is an amount we would have accepted with the additional amount added on but they only offered it as a result of our raising the matter with yourself. Seven months have passed. Their approach in deliberately offering very low amounts, changing requirements throughout the process and deploying delaying tactics is not acceptable."

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.

Aviva's policy required it to pay Mr F the market value of his vehicle. The policy defined market value as follows:

"The cost of replacing your car with one of the same make, model, specification, year, mileage and condition."

In assessing what constitutes a fair value we generally expect insurers to review relevant guides to motor valuations - which is also our starting point for most valuation complaints. I've looked at the available guides to assess whether Aviva's offer of £8,150.00 is fair and reasonable. I have reviewed CAP Market Value Manager, Glass's Market Value, Auto Trader and Percayso guides, which gave values as follows:

CAP	£7,725.00
Auto Trader	£8,130.00
Percayso	£8,186.00
Glass's	£8,390.00

I've thought about the valuations produced by the guides, where Aviva's offer sits within them, and the extent to which it's supported by additional evidence.

Aviva provided 7 adverts for cars of the same model and age, and similar mileage which were for sale in February 2024. I find that persuasive evidence that £8,150.00 is the fairest pre-accident valuation of Mr F's vehicle.

In any event, I find that Mr and Mrs F have now accepted that £8,150.00 is “*an appropriate sum for our car ...and it is an amount we would have accepted with the additional amount added on...*”

So I conclude that the fairest pre-accident valuation of Mr F's car is £8,150.00. That will require Aviva to make a payment of £651.00 in addition to its without prejudice payment of late February or early March 2024.

As Aviva should've paid the additional £651.00 by early March 2024, I will direct it to pay interest on it at our usual rate.

I don't condone Aviva's initial offer. And its offer of a review was accompanied by a warning that the engineer might take a couple of weeks, which came across as a threat of delay. Also, Aviva asked Mr and Mrs F for adverts for comparable vehicles, but then made them feel that it had moved the goalposts.

Worse, the valuation of £7,499.00 was still unfairly low, yet Aviva maintained it in its final response.

The Financial Ombudsman Service doesn't assess compensation for unfair acts and omissions at a level intended to punish or deter such acts or omissions. Rather we look at their impact on the complainants.

The accident and the need to make a claim were, in my view, bound to cause some distress and inconvenience. That included the need to provide information to Aviva by telephone and in writing. So I've thought about those shortcomings by Aviva and their extra impact on Mr and Mrs F.

I accept Mr and Mrs F's statement that they borrowed money to buy a replacement car. However, Aviva made an interim payment by early March 2024, without prejudice to Mr F's right to pursue his complaint. In addition, my award of interest is compensation for Mr F being £651.00 out of pocket since March 2024. So I don't find it fair and reasonable to direct Aviva to pay compensation for any other financial loss.

In addition, Aviva made its offer through us of £8,150.00 in late April 2024, although regrettably we didn't pass it on to Mr and Mrs F until mid-June 2024, since when we have said it was reasonable.

Nevertheless, I consider that Aviva had made Mr and Mrs F feel that it was delaying and seeking to frustrate a fair settlement. That caused Mr and Mrs F upset and caused them to spend extra time on pursuing the claim and the complaint.

Overall, I agree with the investigator that £100.00 is fair and reasonable compensation for such distress and inconvenience, in line with the Financial Conduct Authority's rules and our published guidelines.

Putting things right

I find it fair and reasonable to direct Aviva Insurance Limited to pay:

1. to Mr F:

- 1.1 in addition to its without prejudice payment, a further £651.00 for his car; and

1.2 simple interest on £651.00 at a yearly rate of 8% from 1 March 2024 to the date of the further payment. If Aviva considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr F how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate; and

2. to Mr and Mrs F jointly:

2.1 £100.00 for distress and inconvenience.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Aviva Insurance Limited to pay:

1. to Mr F:

1.1 in addition to its without prejudice payment, a further £651.00 for his car; and

1.2 simple interest on £651.00 at a yearly rate of 8% from 1 March 2024 to the date of the further payment. If Aviva considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr F how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate; and

2. to Mr and Mrs F jointly:

2.1 £100.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F and Mr F to accept or reject my decision before 9 November 2024.

Christopher Gilbert

Ombudsman