

The complaint

Mr C is unhappy with the service provided by Aviva Insurance Limited (Aviva) following a claim made on his home insurance policy.

What happened

Mr C purchased a home insurance policy which included personal belongings cover for pedal cycles with an individual cycle limit of £3,000. The policy terms and conditions explained *'Where your schedule shows you have cover for pedal cycles this includes their parts, spares and accessories.'*

Following the theft of his bike and other contents in July 2023, Mr C made a claim under his home insurance policy. Mr C complained to Aviva about the time taken to deal with his claim. Aviva offered £150 in recognition of the delays, and impact on Mr C. Aviva considered Mr C's claim and offered £3,000 (the policy limit) for Mr C's bike and bike related items. Aviva also offered to settle other items under the contents section of Mr C's policy.

Aviva said most of the items Mr C was claiming for fell within the £3,000 policy limit as these items met the definition of *'parts, spares and accessories'*. Mr C said these costs should be met as part of his contents claim, and be paid separately. Mr C complained to Aviva about the way it had interpreted and applied the policy terms for parts, spares and accessories. Mr C was also unhappy that his bike had been valued at £2,499, however this was based on the discount price of an online retailer, and was subject to change.

Aviva reviewed Mr C's claim and agreed to include some of the items as contents that it had previously said it wouldn't. Aviva also agreed to pay Mr C £50 in recognition of the inconvenience caused by the handling of his claim. Unhappy with Aviva's response, Mr C referred his complaint to this service.

The investigator said Aviva hadn't acted fairly, and asked it to do more to put things right by reconsidering the claim. The investigator also said Aviva should pay an additional £50 compensation. The investigator explained it had checked the website for the online retailer selling Mr C's bike, and the discounted price of £2,499 was still available for Mr C to buy. Aviva accepted the investigator's findings. Mr C didn't agree. Mr C said (amongst other things):

- *'...the cash settlement for the electric bike should be £3,000 (the individual cycle limit) and not £2,499, a valuation based on a temporarily discounted price offered by an online retailer.'*
- *'The current offer of settlement by Aviva for the items within my claim other than the electric bike is, as I understand it, £331.71 + £744.20 = £1,075.91, a shortfall of £501.'*
- *'...a higher award of £750 would be only fair as the sequence of mistakes by Aviva in handling my claim have caused me considerable distress, upset and worry and have resulted in significant inconvenience and disruption over the period of SEVEN months since my electric bike and other items were stolen in July 2023 ...'*

As the complaint couldn't be resolved, it has been passed to me for decision. I issued a provisional decision on Mr C's complaint. This is what I said about what I'd 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. I've focused my comments on what I think is relevant. If I haven't commented on any specific point it's because I don't believe it has affected what I think is the right outcome.

Pedal cycle claim

Mr C says he remains concerned by the valuation of £2,499 for his bike. Mr C has checked the website relied on by Aviva in reaching this figure, and says the amount is subject to change because of the price being dependant on the online retailer running a discount or a promotion. Mr C says he would be left out of pocket if he accepted the cash settlement, and the bike was subsequently on sale for a higher price. I've carefully considered Mr C's comments. I've also checked the website referred to by Aviva, and can see the bike in question is now on sale for £2,799 (compared to its usual retail price of £3,299).

I've considered all that's happened with Mr C's claim. And what Aviva has explained about the policy terms. And I'm persuaded Mr C wasn't made a reasonable offer for his claim to start with. Because of this, several months have passed with Mr C still being without use and enjoyment of his bike. I note what Aviva has explained in its email of 25 January 2024. But I've also considered the time that has passed before Aviva made this offer. And that Mr C can't control how prices change because of promotional deals on at the time.

All things considered, I think it would be reasonable for Mr C to purchase his bike from the online retailer referred to by Aviva, and present Aviva with a receipt showing his proof of purchase. I'm minded to ask Aviva to pay for this cost up to maximum of £3,000 in line with the policy limit.

Claim for all other items

Mr C says 'The current offer of settlement by Aviva for the items within my claim other than the electric bike is, as I understand it, £331.71 + £744.20 = £1,075.91, a shortfall of £501.' I have considered Mr C's comments. However I don't agree there is a shortfall on the amount being proposed by Aviva. I have considered the list of items set out in the spreadsheet sent to Mr C on 25 January 2024. Mr C agrees with the list of items set out in this spreadsheet. So there's no dispute about what Aviva has agreed to cover.

I've seen that the total value of the items listed on this spreadsheet is £1,576.91. This includes items listed in rows 2-15 (totalling £832.71), and rows 19-30 (totalling £744.20). I accept that Aviva has defined items in rows 2-15 within the bike claim, and rows 19-30 as part of Mr C's contents claim. And I also recognise Mr C's strong feelings about items in rows 2-15 that he says should be dealt with as part of his contents claim- not bike claim.

I've carefully considered Mr C's comments. But I'm mindful that it doesn't make any material difference to how the items have been determined (bike or contents) for the purposes of calculating the total value of M C's claim. I say because the cost of replacing all items will be the same whether Aviva treats these as being within the definition of bike, or contents.

Aviva's current offer is for £4,075.91. For the reasons explained, I'm minded to ask Aviva to settle Mr C's claim for all items apart from his bike, in line with the explanation from its email and spreadsheet of 25 January 2025. This would mean Mr C receives £1,576.91. As explained, Mr C would also receive separate payment for his bike up to maximum of £3,000

in line with the policy limit, upon providing proof of this purchase to Aviva. I'm satisfied this direction for putting things right is fair and reasonable, and in line with our approach.

Trouble and upset

I note Mr C's comments about his personal circumstances, including his health, and challenges he has been dealing with as a result of being without use of his bike over a long period. I would like to thank Mr C for taking the time to share this information with me.

During our investigation, in response to the investigator's findings, Aviva said it would be willing to increase its offer by £50 to £250. Aviva says it did this based on £150 offered as part of its response to Mr C's initial complaint about claim delay, and £50 offered in respect of Mr C's second complaint about application of the policy terms.

Mr C says the compensation amount offered by Aviva is only £50 (referring to the amount offered in respect of his second complaint). However, it's evident that Mr C remains unhappy with the claim delay aspect of his complaint too. I note Mr C says '...a higher award of £750 would be only fair as the sequence of mistakes by Aviva in handling my claim have caused me considerable distress, upset and worry and have resulted in significant inconvenience and disruption over the period of SEVEN months since my electric bike and other items were stolen in July 2023 ...'

As part of this provisional decision, I've considered both Mr C's complaints about claim delay, and Aviva's application of the policy terms, when determining what fair compensation should look like. I've also kept in mind the £200 already offered by Aviva for these two complaints.

It's not disputed that Aviva's initial service, and offer to settle Mr C's claim, fell short of the level of service we'd expect. The delay in dealing with Mr C's claim meant that Mr C has been without use and enjoyment of his bike for several months. And Aviva's initial interpretation of the policy terms meant that Mr C had to go back and forth several times clarifying the items he considered formed part of his contents claim. This caused Mr C undue upset and stress, at a time that he was already feeling frustrated as he had been without use of his bike for a prolonged period.

It wasn't until a few months after complaining that Aviva offered to reconsider Mr C's claim, and make a fair offer of settlement for the items it had previously said it wouldn't include as part of Mr C's contents claim. This period of delay, and the upset caused to Mr C by having to chase Aviva for clarity, amounts to poor service. I think it's fair that Aviva award compensation in recognition of this.

Having considered the period of delay, the correspondence between Mr C and Aviva, and impact on Mr C, alongside our award bands, I'm persuaded that Aviva should pay £350 total compensation to Mr C. This amount reflects the period of delay, as Aviva ought to have made a fair and reasonable offer to Mr C much sooner than it did- not five months after receiving his claim. This amount also recognises the emails sent by Mr C, both chasing a response to his claim, and questioning Aviva's interpretation and application of the policy terms, and the impact on his claim. In reaching the figure of £350 I've also considered the specific impact on Mr C, including his dependence on his bike, and the impact on his livelihood as a result of being without it for a long period of time.

I've carefully considered Mr C's comments about Aviva making payment of £750 to fairly reflect Aviva's poor service, and the impact on him. But all things considered, I'm satisfied £350 is fair, and in line with our approach. I say this because insurance claims like Mr C's can often involve a level of stress and inconvenience even when settled in line with the way

we'd expect. And although Aviva delayed in dealing with Mr C's claim, it would've still taken some time to conclude given the investigation needed to ensure the policy terms had been met before any payment was agreed.

Putting things right

I am minded to ask Aviva to:

- *Settle Mr C's claim for his bike based on proof of purchase being provided to Aviva (up to the policy limit of £3,000);*
- *Pay Mr C £1,576.91 in cash settlement of all other items (as detailed in Aviva's spreadsheet sent to Mr C on 25 January 2024); and*
- *Pay Mr C £350 (if any of this amount has already been paid in settlement of a previous complaint, Aviva should pay the outstanding amount only).*

My provisional decision

For the reasons given above, I am minded to ask Aviva Insurance Limited to follow my directions for putting things right as detailed above.

The responses to my provisional decision

I invited both Mr C W and Aviva to respond to my provisional decision.

Aviva didn't respond to my provisional decision. Mr C accepted some parts of the provisional decision, but remained unhappy with the decision to require him to purchase a bike himself, and the amount of compensation directed.

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.

I've focused my comments on what I think is relevant. If I haven't commented on any specific point it's because I don't believe it has affected what I think is the right outcome.

Mr C says '*Aviva Insurance Limited must be instructed to purchase the replacement bike at the retailer of its choice and arrange for its delivery to me ready for use on the road without the need for assembly.*' Mr C's policy doesn't include assembly of a contents item that's being replaced. I recognise what Mr C has explained about the difficulties of having to do this himself. But it's not something Aviva can reasonably be directed to cover under the terms of Mr C's policy. So I won't be asking Aviva to do anything more than what has been explained in my provisional decision.

Mr C says '*I disagree that the amount of compensation paid by Aviva should take into account the compensation paid in settlement of a previous and separate complaint.*' I have carefully considered Mr C's comments. In reaching my decision on what fair and reasonable compensation should look like, I have considered events including those covered in the initial final response letter, and subsequent final response. This has allowed me to investigate all of Mr C's issues under the scope of this complaint. I'm satisfied my direction for putting things right addresses the upset and inconvenience described by Mr C in respect of the delay in dealing with his claim, and the lack of clear application of the policy terms.

Mr C feels strongly that the level of compensation directed doesn't reflect the amount of trouble and inconvenience he has suffered as a result of the poor handling of his claim. I

don't dispute what Mr C has explained about the impact on his social life, and leisure time, as a result of being without use of his bike. And compensating for trouble and upset isn't an exact science. But all things considered I'm satisfied £350 is representative of our approach to complaints of this type. So I won't be asking Aviva to pay more than this.

I've carefully considered Mr C's submissions. But I don't think these comments materially change the outcome of Mr C's complaint, or my direction for putting things right. So I'll be directing Aviva to put things right as set out in my provisional decision.

Putting things right

Aviva is directed to:

- Settle Mr C's claim for his bike based on proof of purchase being provided to Aviva (up to the policy limit of £3,000);
- Pay Mr C £1,576.91 in cash settlement of all other items (as detailed in Aviva's spreadsheet sent to Mr C on 25 January 2024); and
- Pay Mr C £350 (if any of this amount has already been paid in settlement of a previous complaint, Aviva should pay the outstanding amount only).

My final decision

For the reasons provided I uphold this complaint.

Aviva Insurance Limited is directed to follow my directions for putting things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 4 October 2024.

Neeta Karelia
Ombudsman