

The complaint

Mr P complains about delays in Aviva Insurance Limited (Aviva) dealing with a claim under his motor insurance policy for damage to his vehicle following its theft and recovery.

References to Aviva in this decision include their agents.

This decision covers Mr P's complaint to Aviva in April 2024 (which they recorded as received in May 2024) and his complaint to this Service in May 2024, followed by Aviva's final response in July 2024. Mr P made a previous complaint to Aviva in November 2023, to which Aviva issued a final response the same month. Mr P also complained to this Service in November 2023, which was the subject of a view from this Service, which awarded £400 compensation to Mr P for delays and lack of communication in Aviva's handling of his claim and repairs to his vehicle. This decision doesn't cover that complaint.

What happened

The events leading up Mr P's first complaint, Aviva's initial final response and our Service's consideration of Mr P's complaint are known to both Mr P and Aviva, so I won't repeat them here. The previous complaint outcome covered the period to January 2024, so this decision takes this as the starting point for this complaint.

Since Aviva's contact in January 2024, Mr P said he received no further contact from either Aviva or their approved repairer (A) on the position with his vehicle, despite being told he would receive weekly updates. He'd been told in January 2024 his vehicle was being moved from one manufacturer dealer to another, in order to identify a fault. The fault wasn't present at the time of the incident, so was caused by A or the dealer.

He'd used a tracking app on his phone to locate his vehicle at the dealer. The app also stated the vehicle was last opened in January 2024 and remained unlocked. He went to the dealer and found his vehicle in an outside car park (not at the second dealer, as he'd been led to believe). Both front windows were open, covered with plastic sheets. The vehicle didn't appear to have been touched for several months and exposed to the elements. The exterior of the vehicle had begun to show signs of corrosion, including the brakes, and the interior covered in mould. He took photographs of the vehicle, showing its condition.

Given its condition, he didn't want the vehicle returned to him, suggesting Aviva treat it as a total loss and provide a settlement based on the value of the vehicle as it was in May 2023, the date of the original incident. He also wanted compensation for the continuing disruption caused by the delays. While he had a courtesy car, it was more expensive to fuel. Lacking satellite navigation and having a manual gearbox was inconvenient. The delays and uncertainty over the past eleven months had been very stressful, affecting his physical and mental health. His family circumstances were soon to change, so it was important the matter was concluded.

Mr P then complained to this Service, providing a copy of his complaint and associated photographs of his vehicle. When our investigator contacted Aviva, they said they didn't have a record of Mr P's further complaint, so they then logged it.

In their final response, issued in July 2024, Aviva upheld the complaint, which they reviewed from the date they'd closed the previous complaint (January 2024). Aviva said Mr P's vehicle remained with one of the two dealers to diagnose a fault (having been with the dealers since June 2023 due to a non-start issue). Having diagnosed a lack of power to the gearbox, an SME controller was fitted, but this caused excessive power drainage to the electrical drive battery (Mr P's vehicle was a hybrid petrol/electric model). The dealer was unable to identify the cause and a specially qualified engineer needed to investigate the issue before further repairs could be carried out.

Aviva said A chased the dealer(s) for an outcome, and a solution was identified, involving removal of the vehicle battery and replacement of the battery management module. The work was completed in June 2024 and the vehicle returned to A. Given the concerns raised by Mr P about the condition of his vehicle, Aviva said A would clean and polish the vehicle; wash the seats; MOT and service the vehicle; and replace the rear lower seat cover. The work was complete and the vehicle ready for collection, contact having been made with Mr P to update him on the position.

Aviva accepted they should have done more to progress and push the dealer(s) for quicker action. Mr P's vehicle was with them for almost a year, which Aviva said was unacceptable. A found it hard to communicate with the dealer(s), who were responsible for the delays (Aviva had referred the issue to the Motor Ombudsman). Aviva also accepted their communication with Mr P had been poor, despite promises as part of their response to his earlier complaint that there would be improvements. Together, these factors had led to a further seven-month delay in Mr P's vehicle being repaired.

Aviva noted Mr P's point about his courtesy car being more expensive to fuel, but the car provided was in line with Mr P's entitlement under the policy. And as the delay was due to the dealer(s) Aviva wouldn't contribute to the courtesy car running costs. But in recognition of their shortcomings, Aviva offered Mr P £500 compensation.

Following Aviva's final response, our investigator considered Mr P's complaint and upheld it, concluding Aviva hadn't acted fairly. Mr P's vehicle had been at a manufacturer dealer after faults were identified, awaiting a specialist engineer. While outside of Aviva's direct control, there was no evidence they'd communicated the situation to Mr P or kept him updated about what was happening. This added to his concerns and stress. Mr P had located his vehicle and found it stored in an outside car park, unlocked and with the front windows open. The exterior of the vehicle showed signs of corrosion and the interior damp with signs of mould.

Aviva's offer to clean and polish the vehicle, install a new rear lower seat cover, wash the seats, MOT and service the vehicle was fair. However, the investigator thought Aviva should have pressed the dealer for quicker action and the continuing delay was unacceptable. They accepted their communication with Mr P was poor. Aviva had offered £500 compensation but given the impact the continuing delay and uncertainty on Mr P, given his circumstances, the investigator thought Aviva should increase this to £750.

Mr P disagreed with the investigator's view and asked that an ombudsman consider the complaint. He said the increase in compensation was negligible and wasn't commensurate with the disruption, stress and anxiety caused by what he considered Aviva's negligence and lack of customer care. And Aviva deducting the £450 policy excess from any settlement figure meant the net compensation would only be £300.

His vehicle had suffered depreciation of several thousand pounds in Aviva's possession, He thought this completely avoidable, and he still hadn't been given told why a simple repair took over 14 months to complete. He provided evidence he said showed the retail value of

his vehicle was £15,114 in October 2023 (the date by which he thought repairs should have been completed). The retail value in June 2024 (when the repairs were complete) was £12,688 (a fall of £2,426 over the period).

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 P. As set out above, this decision doesn't cover events in Mr P's first complaint to Aviva (and this Service) but the period from January 2024 through to Aviva's final response in July 2024.

The key issue in Mr P's complaint is the continued delays from January 2024 through to repairs being completed and his vehicle ready for collection in July 2024. Mr P says the further delays (added to those previously) caused him significant stress, upset and disruption. He was also concerned at the condition of his vehicle when he located it. As well as for the continuing delays, he wants compensating for the loss in value (depreciation) of his vehicle while in for repair. He's also unhappy at the lack of communication and updates from Aviva about what was happening with his vehicle, despite previous assurances they would communicate better with him and keep him updated.

Aviva accept they haven't handled the situation well and should have done more to progress repairs to the vehicle. They didn't communicate and keep Mr P updated as they should.

On the first issue, the continuing delays to the repair of his vehicle, I've considered the timeline of events. From what Mr P has told us (and the photographs of his vehicle) and Aviva said in their final response, there was further significant delay to the repair of Mr P's vehicle, such that repairs weren't finally diagnosed and completed until June 2024. Aviva's final response sets out some detail about the issue(s) with Mr P's vehicle, including the need for specialist engineer input. It's not for me to determine the technical assessment of the problem with Mr P's vehicle, although it appears to be linked to the vehicle being a hybrid petrol/electric model.

While I accept this may have been technically challenging, I'm not persuaded it should have taken a further five to six months for the exact nature of the problem (and its resolution) to be diagnosed and for repairs to be completed. And Aviva accept they should have been more proactive in chasing the dealer(s).

Aviva's case notes indicate Aviva made some attempts to contact the dealer, but they were difficult to get hold of, and the indications are they struggled to diagnose the fault(s) with the vehicle and had to look to the manufacturer to provide specialist technical support. Which meant the vehicle fault(s) wasn't diagnosed for a considerable time, then awaiting parts and their subsequent fitting and testing.

While I accept Aviva aren't directly responsible for the actions (or inactions) of the dealer – I note they made a referral to the Motor Ombudsman – ultimately the vehicle was in Aviva's care for the period. The photographs taken by Mr P also show the vehicle to be in a poor condition from being exposed to the elements, requiring remediation work by A to return it to a good condition.

Looking at Aviva's (A's) actions, I think it fair and reasonable they took steps to restore the vehicle's condition and I would have expected them to do so, along with carrying out an MOT and service (which Mr P would presumably had to carry out if the vehicle been in his possession).

However, the delays meant continuing uncertainty, distress and inconvenience to Mr P. So, in this regard, Aviva didn't act fairly or reasonably. I'll come back to what I think Aviva should do to put things right.

On the other issues raised by Mr P, he says Aviva should compensate him for the vehicle's loss of value (depreciation) between when he thinks repairs should have been completed and when they were completed. He's provided information showing the retail value of his vehicle was £15,114 in October 2023 and £12,688 in June 2024, a fall of £2,426.

What I can't see is what assumptions were made in obtaining the respective values – though I note the information shows the respective part exchange valuations to be £9,935 and £9,213 at the two dates (a fall of £722). Nor can I see what mileages were assumed at the respective dates – had the vehicle been with Mr P during the period, it is likely he would have driven a certain mileage, whereas with the vehicle being at the dealer, it's likely the mileage would have been significantly less (if not minimal).

I've considered Mr P's point carefully. However, I don't agree Aviva should pay for any depreciation in the value of Mr P's vehicle, however calculated. That's because the vehicle would have depreciated in value over the period whether it was with Mr P or (as was the case) at the dealer. So, either way, Mr P would have incurred depreciation.

Mr P also says it's unfair that the policy excess of £450 has been applied to the claim, meaning the net benefit to him of £750 compensation is reduced to £300. However, I don't think it's reasonable to conflate the two things. The policy excess is a term of the policy and would have been applied to any claim made under the policy. The £750 compensation is a separate issue, to compensate for the distress and inconvenience from what has happened.

Mr P also says the cost of fuelling the courtesy car was higher than that for his vehicle (a petrol/electric hybrid). However, I haven't seen anything to indicate he wasn't provided with a courtesy car in line with the policy terms and conditions (most policies provide for a basic courtesy car, not necessarily the same as the vehicle being insured, including specification). So, I don't think it reasonable to ask Aviva to reimburse any additional fuel costs Mr P may have incurred).

Mr P's other main complaint issue is the lack of communication and updates from Aviva about what was happening during the period. Aviva accept they weren't proactive in communication with Mr P about what was happening with the repairs to his vehicle, particularly given what they'd said about improving these aspects after Mr P's first complaint.

Looking at the case notes, I agree. Given Mr P had already suffered significant delays in the repairs to his vehicle by the time of the first complaint, I think that made more important for Aviva to keep him regularly updated on what was happening and their efforts to progress the repairs and bring the case to a conclusion.

So, I've concluded Aviva didn't act fairly or reasonably in how they communicated with Mr P and kept him updated. This lack of communication and updates would have added to the distress and inconvenience suffered by Mr P.

Taking these conclusions together, I've considered what Aviva should do to put things right. It's clear he's suffered significant distress and inconvenience from what's happened. I've considered this along with the circumstances of the case, against the published guidelines from this Service on awards for distress and inconvenience. It's clear from what Mr P has told us that what happened in the period January 2024 through to July 2024 caused substantial distress, upset and worry as well as disruption to daily life over a sustained period of many months.

Taking all these into account, I think £750 compensation for distress and inconvenience would be fair and reasonable.

My final decision

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

- Pay Mr P £750 for distress and inconvenience.

Aviva Insurance Limited must pay the compensation within 28 days of the date we tell them Mr P accepts my final decision. If they pay later than this they must also pay interest on the compensation 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 P to accept or reject my decision before 27 November 2024.

Paul King
Ombudsman