

## **The complaint**

Mr G and Ms H complain about Aviva Insurance Limited's (Aviva) handling and settlement of a claim made under their car insurance policy.

## **What happened**

Mr G has a car insurance policy underwritten by Aviva. Ms H is a named driver on the policy, and the vehicle insured is their family car. In October 2023, when driving the insured vehicle, Ms H was involved in an accident and a claim was made to Aviva. Due to the damage to the vehicle, it was declared a total loss.

There were several different offers made by Aviva for settlement of the claim from shortly after the claim was made to late January 2024. The ultimate total loss settlement offer was £2,524 (before excess and salvage deduction). During this period, there was back and forth communication between Mr G and Ms H, Aviva, and their appointed agent as Mr G and Ms H wanted to retain the vehicle, but there were issues and delays with this being released.

Mr G and Ms H complained to Aviva about the service they'd received. Aviva accepted their claim handling had been poor. Aviva said there had been a 78-day delay in the claim and settlement payment, so they offered £34.32 interest on the total loss claim settlement. Aviva also offered £275 compensation (and Aviva also proposed a further £50 shortly after this).

As Mr G and Ms H remained unhappy, they approached the Financial Ombudsman Service.

When the case came to this service, Aviva made an increased offer of compensation totalling £400. Mr G and Ms H didn't agree this was sufficient, so an investigator looked into the complaint.

The investigator upheld the complaint in part. He was satisfied that Aviva had offered a fair total loss settlement, so he didn't recommend this be increased. However, he didn't think £400 compensation was sufficient and he recommended this be increased to £550.

Aviva agreed with the increased compensation, but Mr G and Ms H didn't. As an agreement couldn't be reached the case was passed to me for a final 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've reached the same overall outcome as our investigator.

### Delays and customer service

It's not in dispute the claim wasn't handled in line with Mr G and Ms H's reasonable expectations, and this is why Aviva has ultimately offered £400 compensation and interest on the delayed settlement payment.

As both parties are already aware of exactly what happened during the claim and this isn't in dispute, I don't intend on outlining the full timeline of what happened or commenting on every communication or individual event that happened. I don't mean this as a discourtesy to either party, instead it reflects the informal nature of this service and my role within it. Having said that, I'd like to reassure both parties that I've considered all the information they've provided when reaching my final decision.

The accident occurred in late October 2023 and the total loss settlement wasn't paid until late February 2024 despite it being agreed very early in the claim that the insured vehicle would be a total loss. During this time, there were several different offers of settlement from Aviva starting from £1,700 and ending up with an ultimate offer of £2,524 (before excess and salvage deductions).

But throughout this time, Mr G and Ms H were without a family vehicle, and without a settlement to pay for or towards a new vehicle. And because the vehicle was a total loss, they weren't entitled to a courtesy or hire vehicle either. Mr G and Ms H have outlined to both this service and Aviva the inconvenience that this caused them.

Very early in the claim Mr G and Ms H made Aviva aware that they wished to retain their damaged vehicle. But Aviva's salvage agent refused to release this for some time. This was on the basis they refused to return it initially to anywhere other than an authorised treatment facility. This was despite the vehicle being Mr G and Ms H's property, and them confirming they would be able to store the vehicle on private land and would dispose of it correctly and as required. It's clear from the notes that Mr G and Ms H had to regularly contact both Aviva and their agent to eventually obtain their damaged vehicle back, and it got to the stage of Mr G and Ms H being on the verge of contacting the Police to report their vehicle as stolen due to Aviva and their agent's refusal.

Aviva accepts there were 78 days of delays until the claim was settled, and they also accept they should have offered settlement as an interim payment whilst it was being disputed, and that returning the damaged vehicle was poorly handled. As a result of the delay and poor claim handling, Aviva offered interest on the settlement totalling £34.32, along with £400 compensation.

Having considered everything that happened, I agree with our investigator that £400 isn't sufficient compensation for what happened here. And I agree that a total amount of £550 is a fairer amount in all the circumstances, so that's what I'll be directing Aviva to pay (this amount includes any previous offers of compensation from Aviva).

Mr G and Ms H have also said that due to the delays in their damaged vehicle being returned, it was exposed to the elements and mould developed on parts which they might have re-used. I can see Mr G and Ms H made Aviva aware of the potential of this happening during the claim and prior to the vehicle being returned.

However, it isn't clear if there has actually been any detriment, financially or otherwise, to Mr G and Ms H, or which parts were mouldy and couldn't have otherwise been used. But if there has been any detriment, then Mr G and Ms H will need to demonstrate this to Aviva in the first instance for them to consider further. But aside from actual physical loss of the parts due to the delay which hasn't been evidenced, I agree the vehicle should have been returned sooner, and I've taken that into account when deciding on the appropriate amount of compensation.

#### The total loss settlement

As outlined above, Mr G and Ms H's vehicle was deemed to be a total loss. In the event of a total loss, the most Aviva will pay is the *market value* of the vehicle. This is defined in the policy terms as:

*"Market value – The cost of replacing your car with one of the same make, model, specification and condition. The market value, determined at the time of loss or damage, 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."*

Aviva ultimately offered £2,524 (before deduction of the excess and salvage), this was based on Aviva's review of relevant trade guides, available vehicles for sale, and their engineer's review.

Mr G and Ms H say this isn't sufficient to replace their vehicle with a similar one.

Valuing a vehicle isn't an exact science. When considering disputes about vehicle valuations, as a starting point, we'd take into account what the different industry trade guides say the market value of a vehicle is. We'd also take into account any other available information.

I've considered the available trade guides when deciding whether Aviva's offer of £2,524 is fair. These produced the following valuations:

- Glass's £1,400
- Percayso £1,788
- CAP £2,475

Another trade guide, Autotrader, didn't return a valuation.

So, Aviva's offer of £2,524 is higher than the highest of the available trade guides.

I do recognise that Mr G and Ms H have provided adverts of vehicles for sale for a higher amount than offered by Aviva. But these adverts include vehicles of different ages, and don't indicate the mileage of each vehicle. Age and mileage can impact the value of a vehicle, so I don't think these adverts persuasively demonstrate a higher valuation would be fairer.

The limited adverts Aviva also managed to obtain of *similar* vehicles for sale (including for slightly higher than the amount they offered) also have lower mileage than Mr G and Ms H's vehicle, so I don't find them overly persuasive either on the same basis.

So, having considered all the available information, as Aviva's offer exceeds the highest of the available trade guide valuations, I'm not persuaded that offer is unfair or unreasonable in all the circumstances, so I won't be directing them to increase it.

### **My final decision**

It's my final decision that I uphold this complaint in part and direct Aviva Insurance Limited to:

- Pay a total of £550 compensation (including any compensation amounts previously offered)

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Ms H to accept or reject my decision before 13 November 2024.

Callum Milne  
**Ombudsman**