

## **The complaint**

A company, which I'll refer to as G, complains about the amount Aviva Insurance Limited (Aviva) paid in settlement of a claim under its mini fleet insurance policy.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

G took out a mini fleet insurance policy underwritten by Aviva. In February 2024, G purchased a vehicle. Less than a month later, the vehicle was involved in an accident. Aviva accepted the claim and after some back and forth deemed G's vehicle as a total loss.

Aviva said it assessed the value of G's vehicle by using three valuation guides. One guide didn't produce a valuation, the other two produced valuation figures of £22,250 and £27,390. Aviva initially deemed the market value of G's vehicle to be £27,400. G was unhappy with the value because it said it had paid £39,000 for the vehicle less than a month before the loss. It also said Aviva didn't take into account the optional extras added to its vehicle. Aviva's engineer reviewed the value again while considering the optional extras and increased the value to £31,142.

G remains unhappy with the valuation placed on its vehicle by Aviva. G would like Aviva to settle the total loss claim for its vehicle at the price it paid for the vehicle - £39,000. G said it believes this to be the market value of the vehicle just before the loss because it had only recently purchased the vehicle.

Our Investigator didn't think G's complaint should be upheld. He noted that when determining the value of G's vehicle, Aviva had checked the motor valuation guides and referred it to a technical engineer before placing the value at £31,142.

The Investigator checked additional valuation guides which produced lower valuations than G had been offered by Aviva, even when he took into account some of the optional extras on G's vehicle. And the Investigator wasn't persuaded G's adverts supported a higher valuation or settlement was warranted. As Aviva had already paid more than the highest of the valuation guides, he didn't recommend they do anything further.

G didn't accept our Investigator's findings. So, as no agreement has been reached, the complaint has been passed to me to decide.

## **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'm not upholding this complaint. I'll explain why.

Both parties have provided detailed submissions to support their position. I want to assure them I've read and carefully considered everything they've said, but I won't comment on everything.

I'll start by explaining that the role of the Ombudsman Service isn't to work out exactly what the value of an individual vehicle is. We look at whether the insurer has applied the terms of the policy correctly and valued the vehicle fairly. G's policy covers it for the market value of its vehicle, immediately prior to the loss or damage. This is fairly standard within the motor insurance industry.

Market value is defined in the policy as:

"The cost of replacing **your vehicle** with one of the same make, model, specification and condition."

It is standard practice for the industry to use valuation guides to work out the estimated value of a vehicle, and it's not unreasonable that it does so. These guides are used for valuing second-hand vehicles. We find these guides to be persuasive because their valuations are based on nationwide research and likely sales figures. The guides also consider regional variations. We also take all other available evidence into account, for example, sale adverts and engineer's reports.

I have also taken into consideration that G very recently purchased the vehicle and had it for less than a month before the loss. But I still need to be satisfied that the price paid by G is a fair and reasonable value.

G complains that the valuation placed on its vehicle by Aviva is too low. It says it is unable to replace its vehicle with one of a similar make and model, with the same optional extras for the amount offered.

Our Investigator obtained his own valuations from the motor valuation guides the Ombudsman Service typically uses when assessing complaints about motor valuations. He used the correct mileage and date of loss when obtaining these valuations, which provided the following market value figures:

- £21,593
- £22,250
- £25,586
- £27,390

He also carried out a bespoke valuation on one of the guides which gave the option to include some of the optional extras on G's vehicle. The guide didn't have all of the extras listed by G. But those that did come up increased the value by a further £1,000. I have explained more about the value of optional extras below.

Taking the above valuations into consideration, Aviva has still offered G an amount in excess of the valuation guides, even when taking into account the additional £1,000. I also note Aviva's engineer took into account the optional extras on G's vehicle when reaching the final valuation. G says the optional extras should increase the value of its vehicle to the purchase price. However, I agree with our Investigator that I haven't seen any evidence to persuade me that the optional extras would increase the market value by a further £7,858.

Optional extras are additional specifications which can be added to a car when it is in the

factory. These usually come with an additional cost which is paid by the purchaser. While some optional extras can increase the resale value of a car, some won't increase the price but may make the car more desirable to buy. As with cars generally, optional extras will depreciate over time. In this case though, I'm satisfied our Investigator has taken into account the optional extras, but they haven't increased the value of G's vehicle to the amount G wants. I'm therefore not persuaded that the market value offered by Aviva, when taking into account the optional extras, is unfair.

I've also carefully considered the adverts provided by G and Aviva. Aviva provided adverts for similar vehicles which sold for less than what it had offered G. And G provided some examples of vehicles which were sold for much higher prices. When thinking about this, I'm mindful that most of these vehicles have either different registration years, significantly lower mileage or slightly different specifications to G's vehicle. Some of the adverts are also more recent examples and not from the date of loss. All of which are likely to have an impact on the advertised price and which wouldn't necessarily be in line with G's policy definition of 'market value'. So, I don't find these adverts persuasive in demonstrating the market value of G's vehicle was higher than the valuation guides (or the engineer's valuation) at the time of loss.

I appreciate G disappointment with Aviva's offer, especially having only recently purchased the vehicle. However, having thought about everything very carefully, I can't reasonably ask Aviva to increase the settlement amount to what G paid for the vehicle. Aviva has paid more than the highest of the valuation guides, and I haven't seen sufficient evidence to persuade me that a higher amount would be a fairer market value.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 9 January 2025.

Ankita Patel  
**Ombudsman**