

The complaint

Mr K complains about how Aviva Insurance Limited (Aviva) valued his vehicle following a claim made under his motor insurance policy.

What happened

In February 2024 Mr K's vehicle was stolen. Mr K reported the theft of his vehicle to Aviva. Aviva agreed to settle Mr K's claim by paying him the car's market value, minus his policy excess of £750.

Mr K says his vehicle was a collector's item, with the value of the vehicle appreciating rather than depreciating over time. He says he immediately started to research the market value of a vehicle of similar age, mileage, and condition as he'd had stolen. And he estimated the value of such a vehicle was in the region of £27,500 to £29,000.

Having provided Mr K with a few vehicle valuations, Aviva's final valuation was £23,750. Aviva's increased valuation was based on its Total Loss Technical Lead's review.

Mr K rejected Aviva's valuation as he didn't think it was fair. Mr K was seeking a higher valuation for his vehicle, and reiterated the vehicle was a collector's item. Having carried out his own research, Mr K was looking for a valuation closer to £26,500.

Unhappy, Mr K made a complaint.

In response to Mr K's complaint, Aviva said it wouldn't be increasing upon its valuation of £23,750. It did however acknowledge its customer service wasn't as it would expect, and therefore offered Mr K £150 compensation as a sincere apology.

Dissatisfied Mr K brought his complaint to this Service.

Following Mr K's complaint being brought to this Service, Aviva said in June 2024 that it would increase its valuation to £24,300. It was also prepared to increase upon its offer of compensation relating to its customer service to £250.

After considering information provided by both parties, our Investigator said he didn't think Aviva needed to take any further action and its proposals were fair.

Our Investigator looked at four valuation guides to consider whether Aviva's valuation was fair. Our Investigator said Aviva had provided a number of adverts which he thought supported Aviva's valuation as being fair.

Mr K disagreed with our Investigator, so his 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.

My role isn't to work out the exact value of an individual vehicle. It's to look at whether an insurer has applied the policy's terms and conditions and valued the market value of the vehicle fairly. Having looked at Aviva's policy terms and conditions, they set out where a vehicle is stolen the most Aviva will pay is the market value of its insured's vehicle. The market value being determined at the time of loss.

Aviva when assessing a fair market value of a vehicle, have used valuation guides. The valuation guides are based on the advertised prices of similar vehicles, with a similar age and mileage as the vehicle it's valuing, at the time of loss. It isn't unreasonable for Aviva to do this and is standard practice within the industry.

Aviva provided three valuation guides it used when valuing Mr K's vehicle, providing valuations of £22,250, £22,820 and £23,160 respectively. Aviva liaised with its engineering team, obtaining further valuations and has also provided adverts for similar vehicles to that of Mr K's from the time of the theft. The adverts obtained by Aviva have also been adjusted to represent the correct age and mileage. The correct vehicle information has therefore been used for these guides and I'm satisfied the values obtained are relevant to Mr K's vehicle.

This Service has obtained two further valuations of £24,718 and £26,678 respectively. I'd consider it good industry practice for Aviva to look at the highest valuation guide, as the fairest reflection of the market value of Mr K's vehicle, unless it can show this isn't a fair reflection of the vehicle's market value.

When considering the valuation this Service has obtained of £26,678, the same is notably higher than all the valuation guides and adverts of similar vehicles provided. However, when looking at the valuation guides and the adverts Aviva has provided from February 2024, I'm not persuaded this one higher valuation is in keeping with the market value of Mr K's vehicle as all the other information supports a lower figure.

On this basis, Aviva's valuation of £24,300 is minimally lower than the next highest valuation guide this Service has obtained and is more than the valuation guides obtained by itself. With the exception of one advert provided by Aviva, the valuation of £24,300 is also higher than the other adverts it has provided. Taking everything into account, I'm therefore satisfied Aviva's increased valuation of £24,300 before deductions to be fair.

Mr K will undoubtedly be disappointed as he maintains his vehicle value is higher as it's a collector's item. I note however that the valuation of £24,300 is more than the value Mr K says he had paid for his vehicle, one year prior to the theft, and therefore Aviva's valuation is in line with the vehicle appreciating rather than depreciating in value, this point having been raised by Mr K. I also appreciate the vehicle Mr K has since purchased has required work to be carried out, at further expense to him. I'm not however satisfied that Mr K's adverts are persuasive to Aviva increasing upon its valuation further.

Aviva has stated its service to Mr K wasn't as it would expect. It has increased its offer of compensation to Mr K to £250 as an apology for this. I believe Aviva's offer of compensation to be fair and reasonable and in line with what I would have awarded.

Putting things right

Aviva Insurance Limited should do the following to put things right:

1. Pay Mr K a further £550 in settlement of the value of Mr K's vehicle, this being the difference between its latest valuation of £24,300 and its previous valuation of

£23,750. And, add 8% simple interest from the date of the interim payment until it pays the additional £550.

2. Pay Mr K £250 in compensation for the distress and inconvenience its caused, if not already paid. It can deduct the £150 previously offered if its already paid this.

My final decision

My final decision is that I uphold this complaint. Aviva Insurance Limited should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 16 January 2025.

Lorna Ball
Ombudsman