

## The complaint

Mr A complains about how Aviva Insurance Limited handled a claim on his motor insurance.

Mr A's policy was sold and is administered by a third party company on Aviva's behalf. However, Aviva is the policy underwriter, so his complaint is against Aviva. Any reference to Aviva in my decision includes the administrator.

## What happened

Mr A had a commercial motor insurance policy, underwritten by Aviva. On 9 April 2024, he was involved in a road accident. He initially tried to deal directly with the third party and got a quote for repairs from a local garage. However, the third party told Mr A to claim through his insurance. He reported the accident to his intermediary on 27 April and made a claim to Aviva.

Mr A gave Aviva his repair quote. When Aviva reviewed this, it declared the van a total loss – also called 'beyond economic repair' (BER) – based on the cost of repairs against its market value. Mr A disputed this, and Aviva agreed to have its approved repairer inspect the van. The repairer's estimate confirmed the van was a total loss.

Aviva told Mr A it wouldn't repair the van. It also explained that his no claim discount (NCD) would be reduced until it recovered any sums paid from the third party's insurer. It gave Mr A three options:

- Cancel the claim. The April accident would be recorded as "*notification only*".
- Accept a cash settlement for his van.
- Accept the cash settlement with a deduction if he wanted to keep the van (a "*salvage fee*").

It told us Mr A didn't reply to these options. Mr A complained to this service about Aviva's handling of his claim.

Our investigator recommended that the complaint should be upheld for Aviva's poor handling of the claim. She found:

- Aviva's decision to declare the van a total loss was fair and in line with the policy terms.
- The claim was still open because it hadn't been settled. This had likely caused the increase in Mr A's insurance premiums.
- She thought Mr A could ask his insurer to recalculate his premium once the claim was closed.
- Similarly, there might be an impact on Mr A's NCD while the claim remained open.
- Aviva didn't need to refund Mr A's premium because he'd made a claim on his policy.
- Aviva had handled his claim poorly. There were avoidable delays pursuing the third party insurer and its communications were poor. She recommended Aviva pay Mr A £300 to reflect this.

Mr A didn't accept this, so the complaint was passed to me to make 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 conclusions as our investigator and for broadly the same reasons.

Aviva assessed two repair quotes:

- Mr A's quote, 16 April. This was £2,015.35 (including VAT).
- Aviva's approved repairer, 25 June. This estimate for repairs was £2,124.58 (including VAT).

Aviva valued the van at £3,143 using an industry valuation guide. Both repair quotes were more than 60% of the van's market value and, under the policy terms, meant the van was a total loss.

I know Mr A told Aviva that the condition of his van had deteriorated and its repairer didn't inspect the vehicle until 11 weeks after the accident. However, Aviva's repairer's quote is consistent with the quote by Mr A's local garage a week after his accident. I'm satisfied that its estimate was reasonable and Aviva's decision to declare the van a total loss was fair.

I've considered whether Aviva's valuation of the van was fair. Mr A didn't argue this at the time but he recently told us he thought his van was worth £4,750. However, his original statement of fact to the insurance intermediary estimated the van's value at £2,330. Aviva's note of the 25 June phone call records Mr A saying he *"took the policy out for a value of 3K against the van"*, broadly consistent with the statement of fact. I haven't seen any evidence to suggest Aviva's valuation is wrong. I also see that Aviva wrote to Mr A *"to try and organise a discussion regarding a valuation for your vehicle whilst you equally retain the vehicle"* on 20 August, but I don't see that any discussions ever took place. If Mr A wants to dispute the valuation he should raise this with Aviva in the first instance.

Mr A tried to find insurance with another provider when his policy expired on 21 June. He says this insurer cancelled his new policy because it found Mr A hadn't disclosed the open claim. This isn't something I can hold Aviva liable for as I'm satisfied that the claim was still open in June. It's also possible Mr A's new insurer recorded the cancellation on the Claims and Underwriting Exchange (CUE) database, and this might have led to an increase in his premiums. However, that's something Mr A should take up with this insurer. I'm satisfied Aviva isn't responsible for this.

As our investigator explained, the open claim is likely to have affected Mr A's new premium and his NCD. This should be corrected as soon as the claim is closed. Aviva's records also show that this will be recorded as a 'no fault' claim against Mr A.

I understand the three options Aviva offered Mr A to close his claim – as set out above – are still available. I'm satisfied that these are in line with the policy terms and are fair. I leave it to Mr A to decide which option he wants to accept.

Finally, I think Aviva's handling of the claim – particularly in its communication with Mr A – was extremely poor. For example:

- It made errors tracing the third party's insurer and took over a month to realise it had

recorded the wrong registration number.

- Mr A had to regularly chase Aviva for updates on his claim by phone and via Aviva's online chat function.
- Aviva's collection agent repeatedly called Mr A asking him to collect his van while he was still disputing the claim with Aviva.
- An internal note (21 June) confirms "*Continuous communication issues on this file*". Aviva acknowledged this in a phone call with Mr A (25 June).
- It told Mr A "*we think your vehicle is repairable*" (email 25 June), then declared it a total loss. I understand why Mr A would have been frustrated by this.
- I can't see any evidence that Aviva ever adequately explained why the van was a total loss.

This caused Mr A distress and inconvenience and I agree with our investigator that Aviva should compensate Mr A for this. I've considered the level of award given by this service in similar circumstances. Having done so, I agree with our investigator that Aviva should pay Mr A £300 to reflect the distress and inconvenience it caused Mr A by its poor handling of his claim.

### **My final decision**

My final decision is that I uphold the complaint in part and order Aviva Insurance Limited to pay Mr A £300 to reflect the distress and inconvenience it caused him by its poor handling of his claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 28 February 2025.

Simon Begley  
**Ombudsman**