

The complaint

Mrs M has complained that Aviva Insurance Limited failed to show it had correctly applied a staff discount to her home insurance policy.

What happened

Mrs M bought a home insurance policy with the insurer, Aviva. She asked Aviva to clarify the amount of staff discount she had received for buying the policy.

Through an online live chat service, Aviva told Mrs M she received a 40% discount. But when Mrs M asked for further details to check, Aviva said the discount it had applied was 33.4%. Aviva said Mrs M was entitled to a discount of 'up to' 40%.

Mrs M provided literature from Aviva's staff website which showed that her circumstances meant she should receive a 40% discount on her home insurance policy, and not a discount of 'up to' 40%. But Aviva apologised for the information the first agent gave Mrs M as it said this was incorrect. It said the correct discount had been applied, lower than 40%.

Aviva offered compensation of £50 for the confusion it caused.

Mrs M remained unhappy and asked us to look at her complaint.

One of our Investigators agreed with Mrs M that the literature from Aviva said she was entitled to receive a 40% discount under her home insurance policy. On reviewing the breakdown provided by Aviva of what Mrs M paid for her policy compared to what she would have paid if the 40% discount had been applied, she found the compensation award of £50 was enough to put things right. So that Mrs M wasn't at a financial loss.

Mrs M was happy the Investigator agreed with her about the discount. But she said she understood Aviva had withdrawn its offer of £50 compensation.

The Investigator contacted Aviva who confirmed it hadn't and the offer of £50 was still available to Mrs M.

Mrs M didn't agree. She believes Aviva withdrew the offer. So the case 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.

I've looked at the screenshots of the website pages for staff members provided by both Mrs M and Aviva.

Although the headline says staff members can receive up to a 40% discount, the details make it clear that in Mrs M's circumstances, she qualified for a 40% discount under her home insurance policy. The website page reads:

“ employee discount terms -

You will qualify for 33% discount on your first product purchased and 40% discount on purchase of a second or subsequent product

If you hold an Aviva staff pension, it is classed as your first product

If this is your first product and you take out two policies at the same time through Aviva plus, you will get the 40% discount automatically

At renewal if you have more than one policy you will automatically benefit from the 40% discount”

It doesn't seem to be in dispute that Mrs M held a staff pension, and so this means that she was entitled to a 40% discount under the second product, her home insurance policy.

This is what Aviva told Mrs M when she first contacted it via live chat. However, when she asked for a breakdown to check the discount had correctly been applied, Aviva said Mrs M was entitled to 'up to' 40% discount, and that the discount applied to her home insurance policy was 33.4%. Aviva said the first agent had given Mrs M incorrect information.

But I don't agree with Aviva. And I can understand Mrs M's frustration.

In Aviva's email to Mrs M dated 6 September 2024, it provided a premium breakdown of the difference Mrs M would have paid before the discount applied. This shows a discount of 33.4%.

Taking into account the difference in premium between what Mrs M paid and what she would have paid if the correct 40% discount had applied, I agree with the Investigator that the offer of £50 compensation means Mrs M hasn't suffered a financial loss. The difference is £22.

Aviva offered this award for the incorrect information given by its first agent. But I agree with Mrs M that the first agent gave Mrs M correct information – and a 40% discount should have been applied to her home insurance policy in line with the employee discount terms.

Aviva wrote on 14 October 2024;

“For the reasons I have outlined above, I uphold this complaint and by way of further apology offer a compensatory gesture of ££50.00 which I can issue to the bank details used for your monthly instalments. To confirm your acceptance, please respond to my direct email.”

In a follow up email on the same day to Mrs M, Aviva wrote;

“At this stage, I believe Aviva have answered your complaint. The additional information you have asked me to review has not changed my view on this.

Acceptance of my compensation offer notwithstanding, I would confirm this as my final correspondence in this matter and should further communications arrive, they will be attached to the file only.”

Although Mrs M believes Aviva was ambiguous here, I'm satisfied that Aviva's offer remained available to Mrs M.

So overall I think Aviva made an error in the employee discount it applied to Mrs M's home insurance policy. But I think its offer of £50 compensation is enough to resolve the complaint and put things right for Mrs M.

My final decision

My final decision is that I think Aviva's offer of £50 compensation is enough to resolve Mrs M's complaint.

Aviva Insurance Limited must pay the compensation within 28 days of the date on which we tell it Mrs M accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or

reject my decision before 20 February 2025.

Geraldine Newbold
Ombudsman