

## **The complaint**

Mr K complains about the amount Aviva Insurance Limited (“Aviva”) valued his car for, and the claims service it gave him when he made a claim under his motor insurance policy.

## **What happened**

Mr K had a motor insurance policy with Aviva covering his car which he’s said was a limited edition and was meticulously maintained.

He was involved in a non-fault collision. He contacted Aviva and made a claim.

Aviva assessed the car as being beyond economical repair and declared it a write-off. It assessed its market value as £2,610.

Mr K didn’t agree with the valuation which he thought was significantly below market value.

Aviva provided Mr K with a hire car during his claim. It terminated the hire car on 13 July which Mr K didn’t agree with. He hired cars to keep himself mobile.

Mr K complained about the valuation and Aviva’s service including that it terminated the hire car early and it’s caused him significant distress and inconvenience. Aviva said it would pay him £100 compensation and £35.91 of interest.

As Mr K remained unhappy, he brought his complaint to this service. Aviva then increased the market value to £3,185.

Our investigator looked into his complaint and thought it would be upheld. He thought Aviva’s revised valuation of the car was fair and in line with this service’s approach, but he thought Aviva had made a mistake about how it’d settled Mr K’s claim as it should have issued payment to him on a ‘without prejudice’ basis. He thought it should pay Mr K £200 compensation, plus the hire car costs Mr K had paid at a total of £894.89. He also awarded interest at 8% simple on parts of the payments.

Aviva agreed with the view but Mr K didn’t. He talks about what he believes are systemic issues within Aviva, and points out that he incurred extra costs due to Aviva’s withdrawal of the hire car, that he had to pay extra (a total of £4,995) for a replacement car due to the way Aviva settled his claim, and that Aviva still hadn’t showed him a transparent breakdown of how it’d calculated the car’s pre-accident value or how it’d arrived at the decision to write his car off. He accepted the valuation of £3,185 for his car.

Because he didn’t agree with the view, his complaint has been 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.

In his later responses to the view, Mr K has raised several points about the way in which Aviva conducts its business. It's important I say that this service is an independent dispute resolution service. We're not the regulator, and we don't have the power to ask a business to change its procedures. If Mr K has concerns about these matters, he can approach Aviva's regulator which is the Financial Conduct Authority.

What I'm able to do is look at the way Aviva dealt with Mr K's claim, and decide if it acted fairly, reasonably and in line with the policy terms and conditions.

I'd like to assure Mr K that I've read the file of evidence and will focus on what I think are the central issues of his complaint. No disrespect is intended by this approach, which is in line with this service's informal approach.

For ease, I'll deal with the parts of Mr K's complaint separately:

### **Valuation**

This service doesn't provide valuations for vehicles, but looks to whether the insurer's offer is reasonable. Our approach is to use trade guides to establish whether an offer is fair.

I've done some research into the car and I've found these values for the month his car was damaged, which are based on a vehicle with the same specification and mileage:

Company A £2,767

Company B £2,610

Company C £2,275

Company D £2,785

Aviva said it would pay Mr K £3,185. I can see it arrived at that figure using both trade guides and by finding adverts for similar cars. I'll mention that Mr K's car had covered quite a high mileage, so the value of it was adjusted by Aviva's engineers. The valuation of £3,185 is higher than the range of values shown by the trade guides we use. I've not seen evidence from Mr K that his car should have been valued higher than the amount proposed by Aviva.

After looking at the evidence carefully, I think £3,185 is a fair market value. Aviva now needs to settle his claim at this market value, adding interest at 8% simple from the date it should have settled his claim (which I'm going to use as 13 July) to the date it makes this payment.

It's my understanding that a partial payment was made on 4 September, so this can be deducted and the interest adjusted accordingly.

### **Hire Car**

Under the policy, Mr K was entitled to a 'Courtesy Vehicles'. The cover says:

*"If your vehicle cannot be repaired or is stolen, a courtesy vehicle will be provided for up to 28 days, or until you receive your settlement (whichever is earliest)."*

Aviva told Mr K it thought his car would be a total loss on 10 July. It told him the settlement amount would be £2,610 three days later, which is when it terminated the hire car provision.

But, crucially, Mr K told Aviva he didn't agree with the value it'd assessed his car at. What this means is that Aviva should have offered him the settlement on a 'without prejudice'

basis. What this means is that Mr K would receive the disputed amount while his complaint was being handled by Aviva.

I can also see Mr K repeatedly asked Aviva for information about how it'd valued his car, but Aviva didn't respond to him effectively.

It took Aviva a further month to tell Mr K he could accept the payment on a 'without prejudice' basis, and I don't think this service was good enough. In its final response, Aviva awarded Mr K £100 compensation, plus interest on the value he should have been paid which was £35.91.

The wording of the 'Courtesy vehicle' cover says Mr K would be entitled to it until he receives payment or for 28 days. But as Aviva hadn't paid him the settlement amount, or made it clear it should have offered it on a 'without prejudice' basis, I think it needs to pay Mr K for his extra costs caused by him not having a car. What this means is Aviva needs to pay him the cost of the hire car charges he encountered, plus interest at 8% simple from the date he paid them to the date Aviva makes this payment.

### **Replacement vehicle**

Mr K has focused on the cost of the replacement car he bought on 29 July. He's said:

*"the timing and expense of that purchase were entirely shaped by Aviva's failure to maintain the courtesy car and settle my claim promptly. But for Aviva's breaches, I would have had the settlement proceeds or the extended courtesy car (or both) before needing to secure alternative transport."*

I asked Mr K how much he'd want to settle his complaint, and he told me £1,500 plus interest.

Aviva said it didn't agree it needed to pay any more than the amounts it agreed to in the view.

I've thought carefully about this, and considered both sides' points of view about Mr K's replacement car. Mr K has said he was inconvenienced by Aviva's poor service and felt he was forced to buy another car as the hire car had ended. I also need to think about whether Aviva was responsible for Mr K buying the replacement car when he did and in the way he did.

Taking everything into account, while I agree Aviva's service wasn't very good, I don't think I can fairly ask it to contribute towards the cost of Mr K's replacement car because, ultimately, it was Mr K's choice to buy what he did when he did.

### **Service**

However, I do think Aviva caused Mr K significant short-term distress and inconvenience by its poor claims handling. Put simply, a timely without prejudice settlement of his claim may have meant he was able to deal with purchasing a replacement car more easily. In his correspondence with this service, he's talked about the financial and practical challenges caused by Aviva not settling his claim earlier. Aviva settled his claim on this basis on 4 September.

I've thought about this point. I've said above that I think Aviva needs to pay interest at 8% simple on the settlement figure from 13 July to the date it makes payment. This interest represents the costs Mr K had to bear on his savings, or money he may have needed to

borrow, and I think it's sufficient.

As far as the practical challenges are concerned, I've also said Aviva needs to pay for the costs of the hire cars Mr K needed, plus interest at 8% simple on those costs. At the end of July he'd replaced his car, so his practical challenges should have been much reduced.

What this means is that his inconvenience was over a short time in mid-late July, although I can see that his concerns over Aviva's claims handling caused him distress, and it took longer than I'd expect for it to tell Mr K about the without prejudice settlement.

I've considered this service's guidelines on compensation, and I think the appropriate level of compensation should be set at £200.

### **My final decision**

My final decision is that I uphold this complaint. I direct Aviva Insurance Limited to:

- Settle Mr K's claim at a market value of £3,185 subject to the remaining terms and conditions of the policy. Interest at 8% simple should be added from 13 July 2024 to the date payment is made. Payments made to date can be deducted, and interest adjusted accordingly.
- Pay Mr K £200 for his distress and inconvenience.
- Refund the hire car charges to Mr K, plus interest at 8% simple from the date Mr K made the payments to the date Aviva makes this payment.

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

If Aviva Insurance Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr K how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

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

Richard Sowden  
**Ombudsman**