

The complaint

Miss B complains that Aviva Insurance Limited (“Aviva”) caused her car to be a total loss, provided poor service and an unfair settlement offer, under her motor insurance policy.

What happened

Miss B’s car was damaged by another driver whilst it was parked. She made a claim to Aviva, which it accepted. Whilst the car was in its care it was damaged by a forklift. The cost of the additional repairs meant the car was considered beyond economical repair (BER).

Miss B didn’t think it was fair that her car was written-off because of damage caused by Aviva’s agent. She says it should pay to fix her car, but Aviva offered a settlement payment instead. Miss B also raised concerns with the service she received, and the settlement offer.

In its complaint response dated 22 July 2024 Aviva says Miss B’s car was repairable after the accident she claimed for. It acknowledges its agent was to blame for the subsequent damage that resulted in the BER decision. Aviva says Miss B could accept its settlement payment based on the market value of her car. The business will then dispose of the salvage. Alternatively, it will pay the full settlement, and Miss B can retain the salvage without a deduction. Meaning she receives the market value and can keep the car as a category ‘N’ total loss. In addition, Aviva offered £250 compensation for the trouble and upset it caused Miss B.

Aviva sent a further complaint response dated 11 October 2024. It says its engineer used industry guides to establish a fair market value for Miss B’s car. In addition to checking advertisements to see that the guides are accurate.

Miss B didn’t think Aviva had treated her fairly and referred the matter to our service. Our investigator upheld her complaint in part. He says it was fair for Aviva to settle Miss B’s claim by paying the market value. He thought the valuation it arrived at was reasonable. But he says it should pay £500 compensation in total to acknowledge the impact all of this had on Miss B.

Aviva accepted our investigator’s findings. Miss B didn’t and asked for an ombudsman to consider her complaint.

It has been passed to me to decide.

I issued a provisional decision in February 2025 explaining that I was intending to not uphold Miss B’s complaint. Here’s what I said:

provisional findings

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 my intention is to not uphold Miss B’s complaint. I’m sorry to disappoint her

but I'll explain why I think my decision is fair.

There's no dispute that Miss B's car was repairable after the accident she reported. The BER decision was because a forklift operated by Aviva's agent caused further damage. I've thought carefully about whether Aviva treated Miss B fairly in its response to her complaint.

I've read the engineer's report following the forklift damage. The total cost of repairs is confirmed as £5,569.67. Insurers typically consider a car to be a total loss when the repairs approach 60% to 70% of the car's market value. I'll consider the valuation aspect of Miss B's complaint later. But the cost of repairs is well over 70% of the car's market value. So, I don't think Aviva's engineer behaved unreasonably when deciding the car was a total loss.

I acknowledge Miss B's comments that Aviva caused her car to be a total loss. So, it should pay to repair it. She says there's sentimental value associated with her car. It was her first car, which she bought earlier in 2024 and passed her driving test in it. She says she can't buy a replacement for the settlement Aviva offered. Miss B also explains that she has health issues that have affected her ability to work. This means she can't fund the shortfall to buy a replacement car.

I've thought about what Miss B says, but her policy terms state the most Aviva will pay is the market value of her car in the event of a damage claim. I accept that Aviva is responsible for the additional damage resulting in the total loss. I can understand that this is upsetting and frustrating for Miss B. But her policy is limited to paying the market value in the event of a damage claim. The cost of repairs are well above the typical point at which a car will be categorised as a total loss. So, I don't think it's unreasonable for Aviva to pay Miss B a fair market value for her car. As it is, Aviva offered to pay the full market value and allow her to retain the salvage of her car without a deduction. This represents a significant additional payment. The records show the salvage was valued at £1,454. In the circumstances I think this offer is fair.

We contacted Aviva to clarify if it would pay this amount to Miss B if she didn't want to deal with the salvage. It said it would. In the circumstances I think this is fair. Especially if Miss B doesn't want to repair the car or have to arrange to dispose of the salvage.

I've thought about the impact all of this had on Miss B. She's supplied information that shows she was prescribed medication. She explains this is linked to the distress she was caused. I've listened to several call recordings between Miss B and Aviva. Miss B says there were occasions when she encountered rude, sarcastic, and aggressive comments from Aviva's agents. I don't dispute her recollection of these conversations. But the calls I've listened to were handled professionally.

The claim records show numerous further contacts from Miss B via webchats. It appears she was confused regarding the settlement, and the retention value. However, from what I've read the information Aviva provided was clear.

I'm sorry Miss B was upset by the damage Aviva caused to her car, and that this meant it was a total loss. I think it's fair that the business acknowledges the upset and inconvenience it caused. But I'm satisfied that it's original offer of £250 is fair in these circumstances.

I've thought about Aviva's valuation of Miss B's car. Her policy provides the market value in the event of a total loss due to accident damage. This is defined as:

"The cost of replacing your car with one of the same make, model, specification and condition. The market value, determined at the time of loss or damage, may also be affected by other factors such as mileage, MOT status (if one is required), how you purchased your

car and whether it has been previously declared a total loss.”

We don’t provide valuations for vehicles but rather we look to see whether the insurer’s offer is reasonable. In assessing whether a reasonable offer has been made, we obtain valuations from the motor trade guides.

These guides are used for valuing second-hand vehicles. We find these guides 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, engineer’s reports.

I haven’t seen the valuations Aviva obtained. But our investigator was able to obtain valuations from three of the four trade guides we use. I’ve looked to see that he used the correct mileage, age, make and model of car, which it did. I also checked to see that it used the correct date for Miss B’s loss, which was 9 May 2024. This was also correct. The values obtained were £4,592, £4,750, and £4,520.

The approach our service takes to these disputes is that where there is a variance in the trade guide values, and an insurer offers less than the highest valuation, we expect it to evidence why this is fair. In Miss B’s case Aviva offered her £4,845. This is higher than the highest trade guide valuation we obtained. So, I don’t think Aviva’s offer was unfair.

I’ve looked at the examples Miss B provided of similar cars for sale. Of these cars one is reasonably comparable, albeit it’s not clear if it has an automatic transmission to mirror Miss B’s car. The others are either different cars or are registered in different years. I’ve thought carefully about the examples provided. But I think the fairest approach here is to use the highest of the trade guide valuations. Aviva has offered more than the highest valuation, so I’m not going to ask it to pay more.

In her complaint Miss B refers to insurance quotes proving more expensive when she declares her car as a total loss. I can’t see that she included this in her original complaint. But our investigator asked Aviva about this point. It responded to explain that the claim is still open as Miss B has yet to decide whether to accept its settlement offer, and whether she wants to retain her car or not. It says the open claim will have an impact on premiums until this is closed. I understand Miss B was considered not at-fault for the accident, which will be reflected in the record when the claim is closed. But if Miss B isn’t satisfied once the claim has been closed, she can contact Aviva to discuss this further.

Having considered all of this I don’t think the settlement payment Aviva offered Miss B was unreasonable. It didn’t treat her fairly when it damaged her car, causing it to be a total loss. But it has since done enough to put this right by offering £250 compensation. And confirming Miss B can retain the salvage or receive a payment equal to its value. So, I don’t intend asking it to do anymore.

I said I was intending to not uphold Miss B’s complaint.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Aviva didn’t respond with any further comments or information for me to consider.

Miss B responded to say that she would like clarification of the exact amount Aviva has said it will pay. She asks if it will pay £4,845 plus £1,454 if she doesn’t retain the salvage.

In her response Miss B says she was consistently informed by Aviva that if she wasn't keeping the car she would only receive £4,845. But that if she chose to retain the car she would receive £4,846. Miss B says she is confident that she had not misinterpreted Aviva's offer and doesn't wish to agree a settlement that may not be fully honoured.

Miss B says that *"had this information been offered earlier, I would have resolved the matter at that time, as I explicitly conveyed this understanding to Aviva"*.

Miss B says our investigator's proposal for £500 compensation was more reasonable than £250. She says this matter has caused her a great deal of stress and anxiety. Miss B explains that she has been prescribed medication and referred for further medical help as a result of this. She says that these details were included in her original complaint, which is why the compensation was initially doubled. Miss B says there is no justification for the reduced compensation amount.

Miss B says that if she is paid a total of £6,299 and £500 compensation she will agree to settle the matter. She says this will allow her to buy a replacement car and cover most of the increase in insurance costs, which resulted from declaring her car a write-off.

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 persuaded by Miss B's further comments to change my provisional findings. Let me explain.

I've reviewed the evidence including the final complaint response Aviva sent. This says that Miss B can accept its settlement payment based on the market value of her car, and it will dispose of the salvage. Alternatively, it says she can receive the full market value and retain the salvage without a deduction. This was confirmed to Miss B on 22 July 2024.

I'm not clear what the figure Miss B refers to for £4,846 relates to. The market value Aviva arrived at was £4,845. This was confirmed in its complaint response. On top of this she was told she could keep the salvage. Miss B refers to her car having sentimental value. So, I think this offer was reasonable. She could then keep the car and arrange for it to be repaired. Aviva's policy terms require it to pay a maximum of the market value in the event of a total loss. So, it has offered to pay more than its policy terms require.

I acknowledge what Miss B says about the anxiety and stress she was caused. This is why she thinks £500 is a fairer compensation payment. I'm sorry that Miss B has found this experience upsetting. I accept that she has been caused inconvenience and distress. But Aviva effectively offered a settlement that is around 30% higher than the market value of her car. In addition, it offered £250 for the trouble and upset she was caused. Based on the information I've seen this offer was reasonable. I wouldn't have required Aviva to forgo the salvage value if it hadn't already offered this.

Aviva has since confirmed it will dispose of the salvage if Miss B doesn't want to keep the car. It will pay her the full salvage value if she chooses to do this. Again, I think is a reasonable outcome. I note Miss B's comments that she wasn't told Aviva would pay her the salvage amount. I accept what she says. But I think Aviva's original offer to pay £4,845 and allow Miss B to keep the salvage was fair. She chose not to accept this. But I don't think this shows Aviva's acted unfairly. It's reasonable that she's compensated for the damage Aviva caused to her car, and the impact this had. But I'm satisfied that what it offered is reasonable.

As I explained in my provisional decision, if Miss G isn't satisfied with the cost of her premium once the claim has been closed she can contact Aviva to query this point.

In summary although I'm sorry Miss B is disappointed with my decision, I'm satisfied that this represents a fair outcome to her complaint.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 18 April 2025.

Mike Waldron
Ombudsman