

The complaint

Mr and Mrs G complain about the amount Aviva Insurance Limited settled their motor insurance claim for.

Reference to Aviva includes its agents.

For ease of reading, although this complaint is brought by Mr G and Mrs G, I'll refer to both as Mrs G in this decision.

What happened

Mrs G held a motor insurance policy with Aviva. Following an accident, she made a claim to Aviva for the damage caused.

Aviva accepted the claim and said the damage to the vehicle meant that the car needed to be written off. It said to settle the claim, it would pay Mrs G what it considered to be the car's market value. It said this was £9,533. So, it said this was the most it needed to pay (less any policy excess).

Mrs G didn't think this was fair and complained, she didn't think that amount was enough to allow her to purchase a similar replacement.

Aviva didn't change its stance, so Mrs G brought her complaint to us.

While the complaint was with us Aviva increased its valuation to £10,460. It said this was based on adverts for cars it had found, and then adjusted, to better match the car Mrs G was claiming for.

Our Investigator didn't think this was a fair figure. He said of the two adverts Aviva used in its calculation, one was an imported vehicle and the other was a year older than Mrs G's car. He said he wasn't persuaded by the adjustments to these. He said even with that adjustment Aviva's increased valuation was lower than two of the four valuations he'd obtained from the guides (£9,390, £9,595, £10,739 and £10,821).

He thought in the absence of any persuasive evidence, Aviva should value the car at £10,821, the highest valuation returned from the guides.

Mrs G agreed with that assessment. Aviva didn't. It maintained its increased valuation of £10,460 was fair. It asked for an Ombudsman's 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'm upholding it.

Like our Investigator, in this case I'm satisfied a fair valuation is £10,821.

Mrs G's policy says the most Aviva will pay on any claim is the market value of the car. In the policy, Aviva defines market value 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."*

Valuing a vehicle isn't an exact science. With so many factors to consider, it's unlikely that one will be for sale that satisfies all of them. It's for that reason that we consider the valuation guides to be persuasive evidence in determining a car's market value.

We then consider whether the insurer's valuation is in line with the valuations produced by the available guides. If the valuation sits very close to the highest guide valuation, then we're likely to think it's fair. This is because there's the smallest chance of consumer detriment here. That is, unless there is persuasive evidence provided to show that even with that highest guide valuation, a similar replacement can't be purchased.

If an insurer's valuation isn't in line with the highest guide valuation, that doesn't make it unfair by default. But, in order to be persuaded that it is fair, we need to see that it's supported by persuasive evidence. This is usually adverts, and an explanation of why those adverts support the valuation reached.

Initially here, Aviva's first valuation of £9,533 was lower than three of the four available guides' (£9,390, £9,595, £10,739 and £10,821). And it wasn't supported by any additional evidence. So I can't reasonably say that was fair.

Since the complaint came to our service, it increased its valuation to £10,460. But this is still below two of the four available guides.

Aviva has provided two adverts which it thinks supports this valuation. And it's provided an engineer's report which explains that it's followed one of the guide's recommended adjustments to try and make these adverts more comparable with the car being claimed for here.

Aviva has said that there were no very close matches to the car claimed for on sale at the time of the loss. It said the two it's provided were the closest match. But in that statement, it's acknowledged the adverts aren't a close match. I appreciate it's since adjusted those adverts to better match the claimed for car, but other than telling us it's used one of the guide's methods, we've no detail on what that involved.

Additionally, one of the adverts provided is clearly listed as being a "lower price". This indicates the platform on which it is advertised thinks the price is lower than what it has previously seen or would expect. There's no explanation of how, or if, that's been taken into consideration when Aviva adjusted the advert to try and make it better match Mrs G's car. On that basis, I don't find that advert persuasive evidence – because even if I had those details and accepted the adjustment, it's based on an advert which indicates the price isn't a fair reflection of the market.

That then leaves just one advert – but then there's still the issue of not having details of the adjustment made (other than to be told it used one of the guide's methodologies).

I understand Aviva has pointed out that the two guides themselves use adverts and then adjust them, and questioned why they are more reliable. To answer this, those guides use a lot more data, they are, as far as I'm aware constantly feeding data in. I find that more persuasive than, which when boiled down, becomes only one advert.

So, in essence, I'm not persuaded by the adverts Aviva has provided, and therefore with its valuation sitting below two of the four available guides, I don't find it fair.

Putting things right

Aviva should increase its settlement of Mrs G's claim in line with the market value of the car being £10,821. I understand it paid an interim payment based on Aviva's first valuation of £9,533, so Aviva needs to now pay the difference between the two market values. It should add interest to this payment at a rate of 8% simple. Interest should be calculated from the date Aviva made that interim payment, to the date it makes this payment.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint. To put things right Aviva Insurance Limited needs to take the action set out in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr G to accept or reject my decision before 6 August 2025.

Joe Thornley
Ombudsman