

## **The complaint**

Mr A complains about the value Aviva Insurance Limited (“Aviva”) said his car was worth following a claim on his motor insurance policy, and that it didn’t provide him with a courtesy or hire car or pay for storage costs.

## **What happened**

Mr A had a motor insurance policy with Aviva covering his car. He took out the policy online via a comparison website. A third party hit the rear of his car causing damage in October 2024. He contacted Aviva and made a claim. His car was driveable. Mr A reported concerns about the validity of the third party’s insurance details.

Aviva assessed the damage and thought his car would be written off. It said it would pay Mr A £1,618 to settle his claim. Mr A initially said he’d want to keep the salvage. His car was taken to his choice of garage, which charged £35 per day for storage.

As he wasn’t happy about Aviva’s valuation of his car, he complained. He said his car had been valued at £3,600 about a year before when he’d been involved in another collision.

Aviva said Mr A would be contacted by a third-party company to offer him a hire car, which would ultimately be paid for by the third party. This company didn’t provide the hire car. Mr A used a hire car from his garage at a cost of £400 per week for about eight weeks.

Mr A was billed a total of about £6,000 in storage and hire costs from his garage. Aviva wouldn’t pay this, although it did tell Mr A initially that it would cover some of the costs. Aviva wouldn’t increase its valuation of Mr A’s car because it had previously been written off in 2023. But it said it should have offered Mr A a “without prejudice” payment when he didn’t agree with the valuation. It offered to pay him £150 compensation because it hadn’t offered this. It said it wouldn’t pay for Mr A’s car hire, because it wouldn’t have provided him with a hire car. And it said it wouldn’t pay his storage costs.

As Mr A remained unhappy, he brought his complaint to this service. Aviva then increased its valuation of his car to £2,202. Mr A accepted this.

Our investigator looked into his complaint and thought Aviva didn’t need to pay the storage or hire costs as those were agreements entered into by Mr A. She thought its offer of £150 compensation was fair. But she thought it needed to pay interest on the increased valuation amount at 8% simple.

Aviva accepted the view, but Mr A didn’t. He asked that Aviva pay for the storage costs less the value of the vehicle paid; payment of at least 21 days’ hire in line with the policy; compensation for his distress, inconvenience, and time lost more than £150; a full explanation regarding the third party’s insurer and the outcome of any subrogation process.

Because Mr A didn’t agree, his complaint has been passed to me to make a final decision.

I issued a provisional decision intending to require Aviva to pay some of Mr A’s costs and

additionally compensate him for his distress and inconvenience:

*Mr A has covered several areas in his complaint, but I'm not going to respond to all of the points he's made. This is in line with this service's informal approach.*

*In his response to the view, Mr A has made further points about Aviva's actions as his insurer, and its supplier and repairer network. I need to say that this service isn't the regulator and we don't have powers to require insurers to change their processes. What we're able to do is look at the way Aviva handled his claim and make a decision about whether its actions were fair and reasonable.*

*For ease, I'll deal with what I think the key points are separately:*

### **Valuation**

*I'll start by noting that Mr A has accepted the revised valuation of his car at £2,202. I've reviewed the evidence on the file provided, and I think it's in line with this service's guidelines considering that Aviva made a reduction of 12% of the car's value because of its previous write-off history. I think this deduction is also fair, and as I mention above, Mr A has accepted it, plus interest on the increased amount at 8% simple from the date the original valuation offer was made to the date it made the final payment for the car.*

*I'm not going to include the full details of my review here, as both parties have agreed with the valuation, and I note that – from the information I have – Aviva has already paid Mr A the revised valuation amount and it's agreed to pay him the interest on the balance as well.*

### **Hire and storage costs**

*I've listened to the call between Mr A and Aviva during his claim. I've not been supplied with all of the calls, but the ones I've listened to contain some very interesting sections that, I think, explain what's at the centre of his complaint.*

*Mr A reported the collision to Aviva about five days afterwards. I've not been provided with that call, but I have listened to one made the following day. In this call, which is 54 minutes long, Mr A tells Aviva that he's got other cars and a van. He says he can store the damaged car at home because he's got plenty of room. He tells Aviva that his car was very reliable and he wants to keep it, but he needs to understand the implications of doing so.*

*Aviva's claims handler discusses various options with Mr A and in the end Aviva says the best way forward would probably be to value his car as a total loss, but Mr A keeps it and repairs it. Aviva tells Mr A it will 'stand down' its recovery and storage company.*

*The conversation continues around injuries suffered by Mr A and a passenger. Mr A mentions using an accident management company, and Aviva's claims handler says, personally, he would always recommend sticking with the insurance company.*

*Mr A then says he'll take his car to his choice of garage, and he'll speak to Aviva's recommended hire car company about getting a hire car. He says he'll wait to hear from Aviva.*

*Aviva's claims handler confirms Mr A should "Speak to [hire company] and get yourself into a hire car".*

*The call then ends.*

*Mr A said he didn't hear from Aviva after that, and he called it again about 16 days later. In this call, I can hear Mr A is asking for updates on his claim. He starts by saying that Aviva hasn't supplied him with a replacement vehicle. But he's been able to source one from his garage. He tells Aviva "the garage has rented me one and they're going to claim it back from you".*

*Later in the conversation, he says, "the garage is going to invoice you for storage and hire costs". He mentions it's been about three weeks.*

*Aviva's claims handler replies, "That's OK" and later, "When the garage bill comes, send the bill to us and we'll review. If all's good we'll pay the garage directly".*

*Importantly, Aviva's call handler talks to the hire car company during the same call and in that call refers to the car Mr A has as being a "courtesy car". The inference here being that it's likely a 'free' car provided by a repairing garage, rather than a 'hire car' which brings about a cost from the hirer. Of course, the car Mr A had been supplied was a hire car, and he was, I think, very clear about that. It's Aviva's claims handler who hasn't realised this fact.*

*I can see from the file that Aviva's notes comment that the claims handler discussed this with a "trainer", so I think it's reasonable I say they'd misunderstood the situation and were perhaps new to the role.*

*I think it's fair I say it's a very relaxed conversation. But as I don't think Aviva's claims handler understood the implications of what Mr A was saying, it seems to me that Mr A has simply followed Aviva's instructions to keep using the car and bill it later. Aviva hasn't then told him the issues with this, even though it knew there were potential issues with the third-party insurer (which would, ultimately, probably be paying for a hire car) which wasn't responding to allegations of fault.*

### ***Duty to mitigate costs***

*But, it's important I say that when looking at complaints like Mr A's, we consider whether he could have "mitigated" his loss. In other words, could he have taken reasonable steps to minimise his costs.*

*We generally say that, wherever it's possible, customers should make a reasonable effort to minimise their loss. But we don't assume that a customer is always able to do so - and we will take account of all the available evidence.*

*The costs incurred by Mr A are substantial, and from his conversation with Aviva it's clear he had access to at least two other vehicles. And he specifically comments that he's got space to store his car at home. I also think I need to point out that his car was driveable, although I can see at some point he took it to his garage and further damage was found that ultimately meant he didn't want to retain it.*

*I need to balance the apparent ease with which I think he could have mitigated his loss, against Aviva's failure to direct him properly according to the policy wording, its claims process and the legal framework surrounding a non-fault collision and claim.*

*I think Mr A's actions were understandable. He was offered a hire car and told it would be billed to his insurer, so at a low or no cost to him. But, I think he should have asked more about this arrangement as it was no doubt easy for him to agree to, but it's had significant financial implications. I think it's fair I say he's naively entered into that agreement with his garage, and by doing so he's not mitigated his costs.*

*He'd decided by 14 November to not retain the car. He made that clear in his conversation on that date with Aviva. Aviva didn't react to this disclosure when he told it, when it could have easily uplifted it soon afterwards and disposed of it to mitigate its own costs. In the policy wording, Mr A was entitled to have cover for a hire car if his car was a total loss:*

*"A hire car will be provided to the vehicle policyholder if your car has been stolen or has been damaged and is not repairable. Hire cars are subject to availability and the terms and conditions of the vehicle provider and are provided for a minimum of five days and a maximum of up to 21 days, or until your settlement has been agreed (whichever is earlier)."*

*Aviva's terms seem to say its vehicle provider (a hire company) will provide a hire car for between five and 21 days. There's no mention that it will provide cover for hire cars obtained outside the policy, as in Mr A's case.*

*But Mr A told Aviva he had a hire car and was incurring costs it'd be expected to pay. And Aviva didn't deal with that problem when it was told. So, I think it's fair I say Mr A reasonably expected this cost to be covered.*

*The invoice from Mr A's garage says he needs to pay for storage from 28 October to 20 December.*

*Having thought about this, I think it's fair that Aviva pays for some of the costs incurred by Mr A. I say this because I think he did reasonably tell it that he was incurring costs, and Aviva's claims handler simply failed to acknowledge that or warn him in any way beyond saying it would pay "if all's good". I don't think this is good enough service from Aviva.*

*But I don't think it's fair I ask Aviva to pay for the full invoiced costs, because Mr A has a responsibility to mitigate costs and I think it's fair I say he could easily have done so.*

*So, on balance, I'm thinking of upholding Mr A's complaint and I'm intending to ask Aviva to pay for 21 days' car hire (which was the maximum it could under the terms of the policy) in addition to 21 days' storage costs. From the information I have, this means 3 weeks @ £400 per week = £1,200, and 21 days @ £35 per day = £735. I'm also going to require Aviva to pay interest at 8% simple on these amounts from the date Mr A paid them, to the date it makes this payment.*

*I do appreciate Mr A's bill is significantly high than this, but as I mention above I need to take into account his failure to mitigate his costs. He also may wish to review the terms of the contract he presumably entered into with his garage.*

*I've also thought about Mr A's distress and inconvenience. Aviva offered him £150 compensation because it didn't handle his claim properly when it failed to offer him a "without prejudice" settlement. What this means is that Mr A could have accepted an initial payment for his car while his dispute about its value was ongoing. That's part of Aviva's normal process, but it failed to offer him it. I think that amount is fair and reasonable.*

*When his complaint reached this service, our investigator said she thought Aviva should pay Mr A £150 for his distress and inconvenience caused by its poor handling of his claim.*

*I've thought carefully about Mr A's distress and inconvenience. I can see Aviva made errors with how it handled his calls and his claim, but he was also mobile during his claim in the hire car, as well as having access to his other vehicles. Having taken into account my comments above about mitigating costs, and that Mr A could, perhaps, have confirmed to Aviva about the amount of costs he was exposing it to, I think the total compensation for Mr*

*A should be set at a total of £300, made up of the £150 offered by Aviva, plus £150 for his distress caused by Aviva's mistakes and failure to handle his claim effectively.*

### **Responses to my provisional decision**

Aviva responded and said Mr A hadn't chosen the optional Hire Car cover.

Mr A accepted the provisional decision. He said one of his other vehicles was being repaired at the time, and the other one wasn't suitable for his daily use. So he needed a replacement car during his claim.

### **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 thought carefully about the responses to my provisional decision. I can see from Aviva's evidence that Mr A hadn't chosen the 'Hire Car' section of cover under this policy. I'd referred to that section of cover in my provisional decision and awarded Mr A 21 days' costs in line with that section.

I've listened again to the phonecalls between Mr A and Aviva where the hire car is discussed. I can hear Aviva's advice was that Mr A 'gets into a hire car'. And then it didn't discuss his claim again with him for a period, and the hire car company he'd been referred to by it didn't supply him with an alternative.

In that meantime, Mr A had entered into an arrangement for a hire car (and storage) from his repairer, which he expressly told Aviva about. So, I think it would be fair to say that Aviva had the opportunity to clarify with Mr A what the ongoing situation was.

As it failed to do this, it now needs to reasonably refund his costs of 21 days' hire, because Mr A had been advised to go down that path, Aviva's hire company hadn't helped him, and he'd told Aviva what was happening. Aviva also needs to pay three weeks' storage charges as well. Both the hire car and storage charges will be subject to 8% simple interest from the date Mr A paid them, until the date Aviva refunds him.

I also need to say that Mr A needs to provide suitable, dated proof to Aviva about this, and I ask that the parties now liaise to arrange this.

I can see Mr A accepted my decision to award him a further £150 compensation, to total £300, and I can't see Aviva objected to it, so that amount will stand, and Aviva needs to pay interest on the increased car valuation as set out above.

### **My final decision**

It's my final decision that I uphold this complaint. I direct Aviva Insurance Limited to pay Mr A:

- 21 days' car hire and storage, plus interest at 8% simple from the date Mr A paid them to the date it makes this payment.\*
- 8% simple interest on the difference between the car's valuations from the date the first settlement payment was made to the date the uplifted amount was made.\*
- A further £150 compensation for his distress caused by its claims handling. This is in addition to the £150 it's already paid.

\*If Aviva Insurance Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr A 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.

Aviva Insurance Limited must pay the amount within 28 days of the date on which we tell it Mr A 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.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 7 July 2025.

Richard Sowden  
**Ombudsman**