

The complaint

Miss L has complained about Aviva Insurance Limited. She isn't happy about the way it dealt with a claim under her motor insurance policy.

What happened

Miss L made a claim under her motor insurance policy with Aviva after a non-fault accident. When Aviva looked into the claim it decided it would be too expensive to repair her car and so it decided her car was a total loss. Aviva offered Miss L £2,320 as the market value of her car. However, Miss L wanted her car repaired no matter how much it cost as she wanted her car fully repaired after the accident and felt the third-party should have to pay for this. So, she complained to Aviva about this.

Aviva explained that because its engineer felt her car would cost too much to repair, it wouldn't pay to repair it. But it offered to pay Miss L the market value of her car in line with the policy terms and conditions, less the cost of salvage, if she wanted to keep the car herself and have it repaired. But As Miss L remained unhappy, as she wanted the car fully repaired, she complained to this Service.

Our Investigator looked into things for Miss L, but she didn't uphold her complaint. Although she sympathised with Miss L and could understand why she wanted to keep her car, she explained that Aviva had acted fairly in offering to pay her the market value of her car in line with the policy terms and conditions. She also checked whether the market value Aviva offered was fair and she thought it was, especially as Aviva offered to waive the excess payment that was due.

As Miss L didn't agree the matter has been passed to me for review.

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, and despite my natural sympathy for the position Miss L has found herself in after making a non-fault claim under her motor insurance policy, I'm not upholding this complaint. I'll explain why.

I can understand why Miss L wants her car repaired after her non-fault accident, as she expected the third-party insurer to pay the full cost to repair her car, whatever the cost. But that isn't how her insurance policy works, and I wouldn't expect the other driver's insurance to pay more than her car was worth as that wouldn't be fair. And as the other driver's insurer won't pay more than the total loss value of Miss L's car Aviva would be out of pocket if it paid more than that which wouldn't be fair either.

Indeed, Miss L's policy makes it clear '*If your car is lost, stolen or damaged....*' the most it '*will pay will be the market value of your car at the time of the loss.*' And given this I think it is clear Aviva has acted fairly here. I say this as at the time of looking at the amount to repair Miss L's car it was clear that the repair costs would be towards the total market value of her car. I know Miss L has highlighted that the damage was relatively minor, but her own repair estimates are higher than Aviva's, and more than her car is worth. So, I'm satisfied that her car seems to be a write off.

So, I think Aviva has acted fairly here in offering to pay the market value of Miss L's car or she can retain the car and get it repaired herself, but Aviva would be entitled to retain the salvage cost of the car. This is because Aviva would look to sell the salvage (Miss L's car) if it wrote it off in order to recoup some of its costs which is standard practice across the insurance industry.

Our Investigator also looked into whether Aviva provided a fair valuation of Miss L's car and clearly explained how we approach valuation cases like Miss L's, so I won't go over this in detail again here. But when looking at the valuation placed on a car by an insurance company, I consider the approach it has adopted. And decide whether the valuation is fair in all the circumstances. It isn't our role to come to an exact valuation of a consumer's car. But we look to see if insurers have acted reasonably in looking to offer a fair market value of the car in line with the policy terms and conditions.

I pay particular attention to the various motor valuation guides used for valuing cars. And I look at any other evidence provided by both sides, such as advertisements or details about the condition of the car. But overall, I'm just looking to see if Aviva has acted reasonably in providing a fair market value of Miss L's car and, overall, I think it has.

Ultimately, the policy requires Aviva to compensate Miss L, for the market value of her car. The policy 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.'*

In looking at what constitutes a fair value we generally expect insurers to review relevant guides to motor valuations – which is also our starting point for most valuation complaints. And I've looked at the available guides to assess whether Aviva's offer is reasonable and overall, I think it is. In this instance the guides have produced a wide range of valuations (£2,525, £1,646 and £1,575) and Aviva offered £2,320 and agreed to waive the policy excess of £250 so I think this feels fair in the circumstances. I say this as if I asked Aviva to pay an amount in line with the highest guide price and it deducted the excess, which it is entitled to do, then it would look to pay Miss L less than it has offered to pay her here. So, overall, I think Aviva's offer feels fair.

I know Miss L would like around £3,000 by way of settlement which she hopes will cover any additional costs and for Aviva to waive any salvage costs if she chose to keep and repair her car. But as I've already outlined it wouldn't be fair to ask Aviva to pay more than the market value of the car as that is against the policy terms and conditions and would leave Aviva out of pocket and I wouldn't expect it to take a loss.

Finally, I know Miss L has faced some inconvenience here. But this has mainly been caused by her reluctance to accept Aviva's approach to settling her claim and I don't think Aviva has done anything wrong here, so I won't be asking it to take any further action. And I'll simply leave it to Miss L to decide how she wants to advance her claim with Aviva.

My final decision

It follows, for the reasons given above, that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 5 August 2025.

Colin Keegan
Ombudsman