

The complaint

Mr A is unhappy with how Aviva Insurance Limited (Aviva) handled a claim made under his motor insurance policy.

Any references to Aviva include its agents.

What happened

In early January 2025, Mr A was on holiday in the UK. He was involved in an accident where his car slipped on some ice and hit a barrier. He contacted Aviva who arranged to recover the car.

Mr A's car was taken to Aviva's repairer at the end of January 2025. Aviva's engineer concluded the car wasn't economical to repair. Mr A disagreed and said he wanted to retain ownership of the car. There were some discussions about whether the car was truly a write off given the cost of carrying out repairs compared to the value of the car.

Mr A was unhappy with Aviva's handling of the claim at that point. He said the courtesy car had been delayed, he'd incurred costs because of Aviva's poor handling of the claim. He also was unhappy with the valuation Aviva had placed on his car and didn't feel it included optional extras. Aviva responded to the first complaint on 12 February 2025. It acknowledged there had been delays in arranging for both Mr A's car to be inspected and courtesy car to be provided which led to Mr A incurring some costs. And Aviva agreed some of the communication had fallen below the expected standard. Aviva offered Mr A a total of £500 compensation. It also set out three options for progressing the claim but said it wouldn't contribute to the further hotel costs Mr A incurred on the basis it had provided a courtesy car, but he'd chosen not to return home.

Discussions continued about the way to settle the claim. Mr A made another two complaints about the value placed on the car, the handling of the claim and said Aviva hadn't recognised the financial and personal impact this matter had on him and his partner. Aviva responded on 7 and 14 March 2025 respectively. It offered a further £100 compensation for the delay in clarifying the increased valuation of the car, but otherwise said the three options previously set out remained the way forward to settle the claim.

Mr A remained unhappy with Aviva's responses to his complaints, so he referred his complaint to the Financial Ombudsman Service for review. His concerns were considered by one of our investigators who said the valuation placed on the car by Aviva was fair and Aviva had put forward fair options to move the claim forward. But he said the compensation should be increased to £850.

Mr A didn't agree. He said he'd had to continue paying his finance company for a car that had been off the road since January, Aviva had provided an unsafe courtesy car and promised to pay up to 100% of the car's value towards repairs. He said, all in, he'd accept a total of £102,000 if Aviva left the car with the category N recorded or £84,000 if it was removed. Aviva said it didn't consider the increase in compensation was warranted.

Our investigator didn't reach a different conclusion, so this matter has been passed to me to decide.

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 think it's helpful to set out I'm only able to consider Aviva's handling of Mr A's claim until 14 March 2025, when it issued its last final response letter. If Mr A remains unhappy with Aviva's handling of the claim after this point, he can raise new complaints (if he hasn't already done so) and refer any outstanding concerns to this Service for consideration, subject to the usual time limits.

I also want to set out that I don't intend to address each individual point of dispute Mr A raised during the timeframe I'm considering. Instead, I'll focus on the issues I consider to be key in delivering a fair and reasonable outcome in the circumstances. This isn't meant as a courtesy to the parties, rather it reflects the informal nature of the Financial Ombudsman Service and my role within it. But I'd like to reassure both parties whilst I might not comment on points, I've considered everything that has been provided when reaching my decision. However, having done so, I've reached the same conclusion as the investigator for largely the same reasons.

How Aviva offered to settle the claim

Aviva concluded Mr A's car was a total loss after deeming the repair costs to be more than 75% of the cars' value. I'm satisfied this was an appropriate percentage at which Aviva could take this decision and it's and consistent with decisions taken in claims involving similar levels of damage. Aviva subsequently provided Mr A with three options for settling the claim.

Mr A didn't agree the car was a total loss. He said his car was important to him and he was keen to explore all options, including if and how it could be repaired, before deciding how to settle the claim.

As Mr A believed the car could be repaired, Aviva said it could take Mr A's car to another repairer of his choice. This was as long as it was a repairer from the same manufacturer group as Mr A's car for another estimate to be provided. Mr A didn't take Aviva up on this offer, but I'm satisfied it was an appropriate offer to make. Mr A had clearly lost faith Aviva's engineers so to offer for another, independent inspection to take place was a pragmatic and appropriate attempt to move the claim forward.

Aviva also said Mr A could retain the car, but that he'd need to provide authorisation from his finance provider before this option could move forward. Aviva wouldn't have been privy to any arrangement Mr A had with his finance provider, so I don't think it was an unusual or unreasonable request for Mr A to provide this authorisation. However, I'm satisfied Aviva's request was appropriate given the finance provider likely had a financial interest in the car.

The final option Aviva put forward to Mr A was to pay the market value of the car. In situations like this, the policy sets out how Aviva needs to settle a claim, saying the most Aviva will pay is the market value of the car. The policy defines the market value as:

"The cost of replacing your car with one the same make, model, specification, year, mileage and condition..."

So, in principle, offering to settle the claim by paying the market value of the car is in line with what Aviva is required to do under the policy terms, so I'm satisfied it's a fair option to be presented to Mr A. What I also need to decide is if Aviva placed a fair valuation on the car.

Aviva demonstrated it had obtained two valuations from trade guides, CAP and Autotrader, at £35,541 and £36,731. It also provided some adverts – two were for vehicles with a similar mileage to Mr A's car. These cars were advertised at £35,480 and £37,690 respectively. In calculating its initial valuation, Aviva says it averaged the value of each of the advertised cars against the CAP valuation. It then added the depreciated value of the optional extras to reach the increased valuation of £39,827.

Mr A provided his own advert for us to consider. This car was a little bit older on a 70-registration compared to Mr A's car which was a 71-registration. However, the mileage was only 14,500 miles whereas Mr A's car had done 27,250 miles at the time of the accident. But because of the difference in mileage, I don't consider the car in Mr A's advert meets the criteria set out in the above policy terms, so can't be considered as a fair comparison.

Aviva said the final valuation it was prepared to offer was £39,827, which included the optional extras. Mr A said he thought a fairer valuation was £43,000 which reflected the full cost of the optional extras, which were worth £4,065 when the car was manufactured. Mr A has supported his view by sending information which shows how the cost of these extras would impact the price of the car effective from December 2020 – so for the time when his car was registered. But I don't find this persuasive because there isn't a dispute about what the extras cost when the car was registered.

However, Aviva has said these would have depreciated since manufacture and I haven't been provided with any evidence to disprove this point. Aviva has shown it based its valuation (including the optional extras) on trade guides and online adverts. I consider this was fair as there weren't many similar specification cars to consider for sale at the time of the accident. Aviva has valued Mr A's car at more than the trade guides suggested. So, I'm satisfied Aviva has shown that Mr A could replace the car for one with the same specification with the valuation it offered – which is what Aviva was required to offer under the policy.

For the reasons I've given, I'm not going to require Aviva to increase the valuation. I'm satisfied it's made three fair options available to Mr A to settle the claim, so I'm not going to require it to take any further action in respect of this. It's now for Mr A and Aviva to discuss how the claim should be settled.

The other areas of Mr A's complaint

Mr A complained about the courtesy car. He was unhappy with both the time taken to arrange the car and the end date of hire, along with the type of car itself.

The policy terms say:

- *"A courtesy car will only be provided when your claim has been accepted and your car is repairable, and is being repaired by our **approved repairer** network.*
- *A courtesy car is typically a small three door hatchback with four seats."*

Aviva provided Mr A with a Vauxhall Corsa, which meets the definition of a small three door hatchback. I can't say Aviva acted outside of the policy terms by providing this to him. I appreciate Mr A would have preferred a bigger car, but Aviva weren't required to provide

this. Though I note, as a gesture of goodwill, Aviva offered an upgraded car for Mr A's return journey home. I'm satisfied this was fair. I haven't seen any evidence to support Mr A's suggestion the courtesy car itself was unsafe.

And in line with the policy terms, Aviva only needed to provide a courtesy car whilst Mr A's car was being repaired. So, technically, the policy terms set out Aviva didn't need to provide a courtesy car after the point Mr A's car was declared a total loss. However, Aviva continued to provide a courtesy car for more than two weeks after it concluded Mr A's car was a total loss. This was more than it was required to do under the policy terms, so its decision to remove the courtesy car when it did was fair because Mr A's car wasn't being repaired at that point.

Aviva declined to pay the additional costs Mr A says he incurred. Mr A says he needed to stay in a hotel for much longer than originally planned because he didn't get a clear answer from Aviva about what was happening with his car. However, whilst there was a delay in doing so, Aviva provided Mr A with a courtesy car so he could have returned home, but Mr A decided not to do so. Whilst I accept some areas of Aviva's handling of the claim fell below the expected standard this doesn't, in itself, mean Aviva is responsible for the decision Mr A took to remain in a hotel. I note the claim was managed by phone and email, so I think Mr A could have continued with these communication methods from a different location if he'd chosen to do so. I'm not going to require Aviva to reimburse Mr A for the costs he said he incurred as a result in staying in hotels for longer than the original duration for which they'd been booked.

Mr A has also complained about the need to continuing to make monthly payments to his finance provider. But as I've set out above, I'm satisfied Aviva have proposed a fair range of options to settle the claim. And I'd remind Mr A that I can only consider matters up to the final response letter dated 14 March 2025. So, any concerns Mr A may have about payments made after this date can't be considered. In any event, for the timeframe I can consider, whilst I've concluded Aviva could have provided the revised valuation more quickly, it's clear that any payment Mr A would have made to his finance provider would have been balanced out by a payment made to settle the finance, if he'd taken Aviva's market value offer.

The compensation paid

It's accepted that Aviva could have done better when handling the claim. There were avoidable delays and instances of poor communication. On this basis, I need to decide what level of compensation is fair.

Aviva offered £600 across two of its final response letters. But, in the round, I agree that the increased compensation of £850 recommended by our investigator is fairer. It's clear there were unnecessary and avoidable delays in moving the car to its repairer to be inspected. Whilst I appreciate the busy time of year may have increased demand, it's clear the car should have been moved and inspected much sooner. But this issue was compounded by the delay in providing Mr A with a courtesy car, which he was entitled to under the policy. The fact Aviva chose to let Mr A keep the car beyond the point it was required to doesn't offset the necessity for it to have provided the car more quickly.

In addition to this, there was the delay in considering the increased valuation. At this point, Aviva were aware that Mr A and his partner were vulnerable, due to the upsetting circumstances they'd experienced at the end of January.

I was very sorry to read about what happened. Mr A told Aviva what had happened, and it was aware of this, but there were still avoidable delays in settling the claim, despite Aviva

noting their circumstances. So, I think the avoidable delays and the worry about how the claim would be settled impacted Mr A more significantly because of these circumstances. And trying to work through unnecessary delays after the end of January added unnecessary distress and inconvenience to what was an already difficult situation. I'm satisfied £850 fairly reflects the distress and inconvenience caused by the delays and instances of poor communication.

Putting things right

To put things right, I require Aviva to pay Mr A £850 compensation (less any payment already made) to reflect the distress and inconvenience caused by its handling of the claim.

Aviva Insurance Limited must pay the compensation 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 compensation from the deadline date for settlement to the payment at 8% a year simple.

My final decision

I uphold Mr A's complaint and order Aviva Insurance Limited to do what I've set out above in the "Putting things right" section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 23 December 2025.

Emma Hawkins
Ombudsman