

## **The complaint**

Miss V has complained about the amount Aviva Insurance Limited paid in settlement of her claim under her car insurance policy.

## **What happened**

Miss V's car was stolen and she made a claim under her policy. Aviva accepted her claim and offered a settlement based on a market value for Miss V's car of £15,162, less the policy excess of £1,550. Miss V wasn't happy about this and complained to Aviva. But it wouldn't offer more than this in settlement of her claim.

Miss V asked us to consider her complaint about this. She also asked us to consider two other issues she was unhappy about.

Our investigator explained to Miss V that we could only consider her complaint about the amount offered in settlement of her claim, as she had not raised the other issues with Aviva at this point.

The investigator then issued a view to Aviva saying it should have used a market value of £16,631. And that it should settle Miss V's claim using this amount and pay interest on the difference between this and the market value it used of £15,162.

Aviva eventually agreed to do what the investigator had suggested. But Miss V thinks her claim settlement should be based on a higher market value and has 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.

Under the terms of Miss V's policy - in the event of a total loss – if Aviva accepts the policyholder's claim, it is obliged to settle it based on the market value of the insured vehicle at the point of loss. This is defined in the policy as follows:

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

I agree with our investigator that the market value Aviva should have used as a basis of settlement for Miss V's claim is £16,631. This is because it is the highest value provided by the guides. And the evidence provided by Aviva suggests that Miss V should have been able to replace her car for this amount at the time it was stolen. I appreciate that Miss V is entitled to £1,550 less than this due to the policy excess. But she chose this excess. Therefore, as I'm satisfied the market value suggested by our investigator represents what it would have cost Miss V to replace her car at the point it was stolen, it would not be fair and reasonable

for the settlement to be based on a higher market value than this.

I do of course also appreciate Miss V's car was in excellent condition and had a number of extras, such as a separate hard top. But the adverts provided by Aviva do suggest it would have been possible for Miss V to purchase a similar car with a separate hard top and all the other extras for £16,631 at the point her car was stolen. The reality is that, while optional extras often cost a great deal when they are added to a car when it is new, they make little or no difference to the cost of a second-hand car, which is around twenty years old. I have of course also considered the adverts provided by Miss V. But, while they do clearly show that there were cars similar to hers advertised for sale at a lot more than £16,631, they do not persuade me it wouldn't have been possible for her to find a suitable one for this amount.

### **Putting things right**

For the reasons set out above, I consider that Aviva should settle Miss V's claim using a market value of £16,631. I would not normally have expected Aviva to pay interest on any part of this settlement because it is clear that even if it had offered Miss V an interim settlement based on it, she would not have accepted this. But I do not see any reason to interfere with this aspect, as Aviva has accepted the investigator's suggestion that it should pay interest on the difference between the market value it used and the market value she suggested.

### **My final decision**

I uphold Miss V's complaint and require Aviva Insurance Limited to settle Miss V's claim using a market value of £16,631 and pay her this amount less the policy excess, if it has not done so already.

Aviva should also pay interest at 8% per annum simple on the difference between this amount and the market value it used of £15,162 from the date it made its settlement offer until the date of payment.\*

\* Aviva must tell Miss V if it has made a deduction for income tax. And, if it has, how much it's taken off. It must also provide a tax deduction certificate for Miss V if asked to do so. This will allow Miss V to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss V to accept or reject my decision before 8 October 2025.

Robert Short  
**Ombudsman**