DRN-5712893

The complaint

Miss S complained that Aviva Insurance Limited ("Aviva") failed to deal with a third-party's claim appropriately under her motor insurance policy which resulted in a county court Judgement (CCJ) recorded against her.

What happened

In May 2024 Miss S was involved in an accident when driving. There was no damage to her car, so she didn't make a claim to Aviva. She said she heard nothing more about it until 15 October when she received a letter from a county court. This related to a claim for £6,015.38 from the third party involved in the accident. The letter asked Miss S to confirm within two weeks if she was going to settle or defend the claim.

Miss S said she contacted Aviva straight away. She was told it wasn't disputing liability but was disputing the quantum of the claim. Aviva told her it hadn't received invoices or engineer reports to substantiate the costs. And the third party's insurer had stopped responding. Miss S said she was assured that the matter would be dealt with, and that she needn't do anything. She said she contacted Aviva several times prior to the courts deadline and received the same information.

On 17 December 2024 Miss S received a default judgement letter from the county court dealing with the matter. She said this was because of Aviva's failure to take the appropriate action. She also received a letter from her bank reducing her credit limit from £3,500 to £500. Following this Miss S complained to Aviva.

Aviva responded to Miss S's complaint on 10 January 2025. It confirmed it had been looking to dispute the third party's claim costs. But acknowledged it had failed to take action to prevent court proceedings being taken against Miss S. It confirmed this lack of action had resulted in the judgement that was made.

In its final complaint response Aviva told Miss S that it had contacted the Registry Trust. And it had given instructions to the credit reference agencies to remove the CCJ from her credit file. It said a 'letter of comfort' had been sent to Miss S to provide to her credit supplier to evidence this. Aviva said it couldn't say if the additional costs of the claim had an impact on other insurer's premiums. But it apologised for the concern it had caused and offered Miss S £750 compensation.

Miss S didn't think Aviva had done enough to put things right and referred the matter to our service. She said the comfort letter made no difference to her bank's credit limit. This meant she'd lost access to a significant amount of credit. Miss S said the compensation didn't consider the financial impact only the distress she experienced.

One of our investigator's looked into Miss S's complaint. But he didn't uphold it. He acknowledged that it was Aviva's fault that a CCJ had been recorded against Miss S. But he thought the action it had taken since, and the compensation it had offered was fair.

Miss S didn't accept our investigator's findings and asked for an ombudsman to consider her complaint.

It has been passed to me to decide.

I issued a provisional decision in July 2025 explaining that I was intending to partially uphold Miss S's complaint. Here's what I said:

provisional findings

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 Miss S's complaint in part. I understand this matter has caused her a great deal of distress and I expect she will still be disappointed with this outcome. But I'll explain why I think my decision is fair.

There's no dispute from Aviva that Miss S made contact as soon as she received the court letter in October 2024. This gave the business two weeks to take action to stop these proceedings progressing. Aviva assured her that it would take the necessary action. Miss S contacted it several times to make sure that it would. But it didn't. This resulted in the CCJ.

Miss S acted reasonably to inform Aviva, in a timely manner, that it needed to act. I acknowledge what it says about the third party's insurer not responding to its requests for information. I accept this wasn't its fault. But once Miss S made it aware of the court letter it should have taken prompt action to prevent court action proceeding. Because it didn't, it was responsible for the CCJ, and this caused Miss S considerable distress.

In these circumstances I'd expect Aviva to arrange for the CCJ to be removed. In addition, it should provide a letter to Miss S explaining that the CCJ was applied in error due to Aviva's mistake. I can see from the credit report Miss S provided, dated in April 2025, that there is no record of a CCJ. A letter has also been provided by Aviva to confirm its error. So, I'm satisfied that the business has taken the appropriate action to put things right.

If Miss S had incurred a financial loss resulting from the CCJ I'd expect Aviva to provide redress. But I can't see that she has. She referred to a letter she received from her bank soon after the CCJ had been applied. Miss S said this told her that the bank had reduced her available credit from £3,500 down to £500. I don't doubt what Miss S says about the link between this reduction and the CCJ. But, again, I can't see that Miss S suffered a financial loss. She hasn't shown that she applied for credit in the period before the CCJ was removed. Or shown that credit was refused. When Miss S applies for credit in future any creditor that performs a credit check won't see a CCJ. Based on this information I can't see that Miss S has been financially disadvantaged.

I acknowledge what Miss S says about her bank not accepting Aviva's comfort letter to reverse its credit reduction. It may be the case that her bank would want to carry out a check if she applied for credit. But any check would show there is no CCJ on Miss S's record. So, this wouldn't impact on her bank's decision to offer credit. I accept what she says about her bank requiring a 'hard' credit check if she wanted to apply for credit exceeding £500. But I can't see that she has applied for credit. So, again there has been no impact on Miss S's ability to obtain credit.

I've thought about Miss S's concern that the claim value increased because of the court fees involved. Aviva is signed up to the Claims and Underwriting Exchange (CUE). Insurers use the data on CUE when deciding whether to offer cover and at what price. They must provide *accurate information to CUE about any incidents or claims and include the cost of any claims that have been paid. This means the claim value recorded on CUE could impact on Miss S's future premiums.*

I asked Aviva to confirm what it had recorded on CUE and if part of the claim cost related to court fees. I can see that this included a court fee for £455, legal costs for £100 and interest added after the judgement was made for £9.04. These costs resulted from Aviva's failure to stop the court proceedings. It doesn't dispute that it was at fault for this. It follows that it isn't fair to include the court fees, legal costs, or interest on the judgement to the claim value on CUE. It should now remove this from both its internal records and those on CUE and write to Miss S to confirm this has been done.

Finally, I've thought about the impact all of this had on Miss S. She was clearly very distressed that a CCJ had been recorded against her – and the impact this could have on her credit rating. This should not have happened given Aviva had been told about the court proceedings.

Miss S received the default letter on 17 December 2024. It was just over three weeks later that Aviva confirmed it had removed the CCJ, provided a comfort letter, and offered her £750 compensation. I acknowledge that Miss S was in contact with Aviva in the period leading up to the 17 December as she was anxious to know the matter had been resolved. She also made numerous calls after the CCJ letter was received.

Having considered all of this, I agree with Aviva that it should pay Miss S compensation for the distress and inconvenience it caused her. But having considered the timeframe, and the overall impact on Miss S I think its offer of £750 is fair. So, I won't ask it to pay more.

I acknowledge Miss S didn't accept Aviva's compensation offer, and by no means is my intention to diminish the impact of her experience. But I'm satisfied that what it's done to put things right is reasonable. So, although I will require it to remove the court related costs from its records and from CUE, I can't fairly ask it to do more than this.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Aviva responded to say it accepted my provisional decision and will instruct CUE to make the changes to the claim cost if Miss S also accepts.

Miss S responded to say she has doubts that Aviva will take action to remove the legal fees from the CUE record. She said she was disappointed at my decision that she hadn't been financially impacted purely because she hadn't applied for credit and been refused. She said this was done out of a sense of caution as a refusal could have damaged her credit rating. Miss S said she was declined a credit card on a 'soft check' in December 2024. She said she decided not to follow this up with the requirement for a more thorough check.

Miss S commented that she has suffered a financial impact as when applying for credit after the removal of the CCJ she would be starting from a reduced credit limit.

In her submission Miss S said had to be extra cautious and adjust her spending habits and expectations whilst waiting for Aviva to remove the CCJ. She said it would have been reckless for her to make a full credit application prior to this. Miss S commented that she lost £3,000 of credit at an expensive time of year less than 12 months after buying her first home. She said the 'baseline' compensation she was offered didn't provide adequate redress for her circumstances.

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 not persuaded by Miss S’s further comments, and evidence, that a change to my provisional decision is warranted. Let me explain.

In my provisional decision I explained that Miss S received the default letter on 17 December 2024. Once this was known Aviva arranged for the CCJ to be removed. The CUE record was amended in just over three weeks. In my provisional decision I accepted what Miss S said about the reduction in credit offered by her bank, and the likelihood this was linked to the CCJ. But as explained Miss S didn’t apply for credit and therefore wasn’t refused this by her bank.

Miss S has said that this incident has had a ‘lingering’ impact on her financial record. But I can’t agree that this is the case. I’ve seen the CUE record, which contains no reference to a CCJ. When Miss S applies for credit, there will be no CCJ on her record for any lender to see. This means the CCJ can’t impact on her ability to obtain credit. The same applies for Miss S’s bank. If she applies for credit, it will consider her circumstances. If its decision to reduce Miss S’s credit limit was due to the CCJ – this will no longer be of relevance and won’t impact on its lending decision.

I acknowledge what Miss S has said about the time of year when this issue occurred. I understand that this was upsetting for her. But I haven’t seen evidence to demonstrate that a financial loss occurred due to the period when the CCJ was on Miss S’s record. Aviva acknowledged the distress and inconvenience it had caused her. It offered £750 compensation to put this right. I think this was fair. But as I haven’t seen evidence of a financial loss, I can’t ask Aviva to pay more.

My final decision

My final decision is that I uphold this complaint in part. Aviva Insurance Limited should:

- amend its records, and the record on CUE, to remove £564.04 from the claim costs.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss S to accept or reject my decision before 21 August 2025.

Mike Waldron
Ombudsman