

The complaint

Mr S complains about the manner in which Aviva Insurance Limited dealt with a claim on his motor insurance policy.

What happened

In October 2024 Mr S's car was hit by another while parked. The other driver acknowledged the incident was their fault and their insurer accepted liability.

Mr S asked Aviva to repair his car under the terms of his policy. Aviva noted that the car had some pre-existing damage as well as signs of wear and tear. This included flaking and crazing paint, peeling lacquer and stone chips. Aviva was also concerned that Mr S was asking for repair to damage to the car's rear driver's side, which it didn't believe was accident related. It added that repairing the car in the way Mr S wanted could improve its pre accident condition known as 'betterment' – which the policy didn't cover.

Aviva offered to settle the claim by making Mr S a cash-in-lieu payment of £7,327.74. That sum was based on an estimate provided by one of its approved repairers, which I'll call repairer M.

Mr S didn't think he could get the accident related damage repaired for that sum. He asked repairer M to provide an estimate for the accident related damage alone, excluding any repair to the car's rear driver's side. That estimate was for £10,451.21. He put that sum to Aviva and also asked it to provide a courtesy car while the repairs were taking place.

On 8 February 2025 Aviva refused to increase its cash-in-lieu offer. It added that when it makes such a settlement that ends its obligations. So it said it wasn't required to provide a courtesy car. But it said Mr S might wish to approach the third party insurer about this. It went on to acknowledge that it should have offered to settle Mr S's claim on a 'without prejudice' basis as early as 8 November 2024. To make amends for not doing so, it offered to make the cash-in lieu payment and add simple interest to that sum from 8 November 2024 up to the date of its letter. It also offered Mr S £300 compensation for not making the offer sooner.

Mr S brought his complaint to the Financial Ombudsman Service. One of our Investigators looked into it. She didn't think Aviva needed to take any further action. Mr S didn't agree with our Investigator's complaint assessment, so the matter's been passed to me to decide.

Provisional decision

On 6 August 2025 I issued a provisional decision setting out why I intended to uphold the complaint. I've reproduced the relevant extract below. I said:

Aviva's cash-in lieu offer

Owing to its concerns over the extent of the damage to the car as well as its pre-accident condition, Aviva chose to offer a cash-in lieu settlement rather than arrange the repairs itself. This is something that Mr S's policy allows Aviva to do. And in the circumstances, where some of the damage and the pre-accident condition of the car wasn't agreed, I think that's reasonable. But I would need to be persuaded that the amount of any cash-in lieu settlement offered was fair.

Repairer M gave Aviva an estimate for £7,327. That estimate didn't include any work on the rear driver's side of the car, which Aviva's engineers didn't believe was consistent with damage to the front right driver's side quarter of the car. I think that was a fair starting point to consider for a cash-in lieu settlement sum.

Mr S asked repairer M himself for an estimate. I've seen emails between Mr S and repairer M in which the repairer confirms that its estimate was only for repairs to the accident damaged areas around the front bonnet and wing. Repairer M also said it had omitted repairs to any pre-existing damage including the bonnet.

Additionally, Mr S told us that, while he still thought that the rear driver side panel had been scraped in the accident, to prevent further dispute, he hadn't asked repairer M to include it or any related repair within the estimate.

I've seen both repairer M's initial estimate to Aviva and the estimate it gave to Mr S. And, from a lay perspective it would appear the two estimates cover the same areas of damage. Mr S's estimate doesn't include any repairs to the rear, roof or bonnet. So it wouldn't appear to include work on the areas that Aviva had particular concerns about. It's notable that, while the two estimates seem very similar in terms of the scope of the work required, Mr S's estimate does include fitting of certain parts that don't appear on the estimate given to Aviva. Those include:

"R.H.LAMP WASHER JET

...

R.OUT D.MIRROR BRKT

R.HANDLE RECESS SEAL

R.F WING COVER

R.F W.HOUSE RR COVER

R.NOZZLE CARRIER"

It's not clear, given that repairer M confirmed its estimate was only for accident related damage, why it included some parts on Mr S's estimate that it didn't include on Aviva's. But it's possible that, on a second look, it had identified further damage arising from the accident that it missed on the first estimate. However, all the other areas of repair – including the areas requiring painting – appear to be the same across the two estimates. And given that the parts I've listed above all look to be within the area that Aviva accepted was affected by accident related damage, I'm not persuaded that these were included as repairs to pre-existing damage or as some form of betterment.

I'll add that Mr S gave his estimate to Aviva. He asked it to explain which parts of that estimate it didn't think should be covered by the claim. Aviva said its engineer spoke with Mr S. Aviva hasn't given us a recording nor detailed note of that call. But I think it's unlikely that the engineer had seen Mr S's estimate and so wasn't in a position to give the explanation Mr S was looking for.

I say the above as I've seen notes on Aviva's file in which the engineer recorded that: "The policy holder has suggested a figure £10,451.12 I am not [sure] where this figure has come from, but I [am] assuming another repairer has estimated the vehicle."

I've added the emphasis to the above quotes but if the engineer had seen the estimate he would have known where the £10,412 figure came from. It would have been clear that it was from its own approved repairer – repairer M – and not another repairer.

Similarly the engineer has said:

"The repair cost will be more than we have offered as additional work is required to rectify the poor repair/paintwork, this is considered Betterment".

But those comments simply aren't supported by the facts. And if the engineer hadn't seen the estimate then I don't know how he could have known, or even reasonably concluded, it was inflated to allow for betterment. Had the engineer looked at the estimate, rather than seemingly just making assumptions about it, he would have seen that it only referred to the accident damaged parts of the car. And, as I've said above, repairer M has confirmed it excluded any work relating solely to pre-existing damage.

I also think it's worth noting that if Aviva thought that any of the repairs listed on Mr S's estimate weren't accident related, it had plenty of opportunity to say so. In fact Mr S asked it to address that point but Aviva refused. I don't think that was reasonable.

Aviva suggested that there was "no point" in it providing an "intricate repair breakdown". But I don't think that was what Mr S was asking for. He was simply trying to understand why Aviva was refusing to cover the costs of repairs which, as far as he was aware, were all accident related. The estimate was provided by one of Aviva's trusted repairers, even if they weren't acting for Aviva when they gave Mr S the estimate. So I think it was perfectly reasonable for Mr S to ask Aviva to explain which parts or elements of repair it didn't think were accident related. But it didn't do so.

It follows that I don't think Aviva responded fairly to Mr S's requests for an explanation. In fact it appears to me that it either didn't give his estimate to the engineer being asked to respond, or – if it did – that the engineer concerned didn't look at it. If he had it would have been obvious where the figure of £10,451 came from. Either way was not reasonable. It also should have been easy for Aviva to identify any areas it thought shouldn't have been included in the estimate (were there any – which I've explained I'm not persuaded is the case). But it didn't do that and I don't think that was fair in the circumstances.

I'll add that repairer M has confirmed that Mr S's estimate for repair was based on its standard commercial rates. In contrast the estimate it supplied to Aviva was based on preferential rates that it will offer to insurers. But, in the circumstances of this case, I don't think it would be reasonable for Aviva to reduce its settlement based on the discounted labour rates repairer M might offer to it. Mr S did not ask for a cash-in lieu settlement or to use his own preferred repairer. So this is not a choice he made. And, as he's not able to enjoy the discounted rates Aviva has access to, he would be unable to have the car repaired at those rates.

Ms S's policy says that where it is offering a cash-in lieu claim settlement it will pay a "cash amount equal to the loss or damage". In Mr S's case that amount would be at the full commercial rate repairer M charges.

It follows that I don't think the sum Aviva offered to settle Mr S's claim was fair. And, as repairer M has confirmed its estimate for Mr S didn't include any pre-existing damage, I think it's fair that Aviva should now settle Mr S's claim based on repairer M's estimate of £10,451.12.

Aviva has acknowledged that it could have offered an interim payment to settle Mr S's claim as early as 8 November 2024. So, as Mr S has been without the benefit of Aviva's settlement since that date, and prices have most likely increased in the meantime, I think Aviva should add simple interest to the difference between its settlement of £7,327.74 and the estimate of £10,451.12, at a rate of 8% from 8 November 2024 until its date of settlement.

It's not clear whether Aviva has previously paid the interest on its interim settlement of £7,327.74 as offered in its letter of 8 February 2025. But, if it hasn't, I think it should do so now.

Additionally, it's apparent that this matter has been a source of distress and inconvenience for Mr S over a prolonged period of time. As I've said above, Mr S asked Aviva to address perfectly reasonable questions about why it was declining to pay repairer M's estimate for

solely accident related damage. But it didn't do that. And, as far as I'm aware, many months later, his car remains unrepaired. And Mr S has told us that dealing with the matter has involved a considerable amount of time, effort, and stress. So to provide redress for this I think Aviva should pay Mr S total compensation of £600. If it has already made a compensatory payment of £300, then it need now only pay a further £300.

Courtesy car

Mr S asked Aviva to supply a courtesy car for the duration of his repairs. Mr S's policy only entitles him to a courtesy car where it has authorised one of its approved repairers to carry out repairs. That didn't happen in this case. So Mr S isn't entitled to a courtesy car under the terms of his policy. That said I note that repairer M says it includes the provision of a courtesy car as standard when works are authorised. So if he chooses to have his car repaired there then this should not be an issue for him. Alternatively, as he wasn't responsible for the accident, and as Aviva has suggested, the third party insurer might cover those costs.

Developments

Mr S accepted my provisional decision. Aviva didn't. It said:

- “The 10,451.12 [sic] is betterment”.
- Mr S's estimate lacks detail.
- The third party confirmed what damage they'd caused.
- I should explain why I thought our Investigator's complaint assessment was wrong.

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.

Aviva has repeated that Mr S's estimate includes an element of betterment. But it's provided no evidence to back up its assertion. As I said in my provisional decision, Aviva's engineers apparently decided that Mr S's estimate included an element of betterment without actually looking at it. They said they didn't know where the £10,451 figure came from – even though it was itemised in the estimate. They also said they believed the estimate had been provided by another repairer, when it hadn't. And repairer M has confirmed the estimate did not include a betterment element. So it appears that Aviva has simply repeated its betterment argument without any actual supporting evidence for why that was.

Also Aviva has said Mr S's estimate lacks detail. It hasn't said what detail it lacks. But if it felt that was the case, it could have asked repairer M for a further breakdown of costs. However, it didn't do so. And, as I've already said, as far as I can tell Aviva's engineers didn't ever consider the estimate at all.

Aviva's also commented that the third party has confirmed the area of the car that was damaged. But the area of damage is no longer in dispute. And if Aviva's engineers had taken the time to consider Mr S's estimate, they would have established, as repairer M has confirmed, that it was only for work to the front bonnet and wing, which the third party acknowledged having damaged.

Finally, Aviva asked why I thought our Investigator's opinion was wrong. Aviva is well aware that when an Ombudsman considers a complaint for a final determination they look at the case afresh. Having done so they form their own conclusion about what is a fair and reasonable outcome. They then explain the reasons for their decision. So Ombudsmen are not required to compare or contrast their decisions with an Investigator's opinion. And I don't intend to do that here. I'm satisfied that I've clearly set out the reasons for my decision above.

Putting things right

Unless it has already done so, I require Aviva Insurance Limited to:

- Increase its cash-in lieu settlement for Mr S's claim to £10,451.12.
- It should add simple interest to the difference between its initial settlement of £7,327.74 and the estimate of £10,451.12 at a rate of 8% from 8 November 2024 until its date of settlement.
- Pay simple interest at 8% a year on its initial settlement offer figure of £7,327.74 from 8 November 2024 up to its date of that offer on 8 February 2025¹.
- Pay Mr S compensation of £600. If it has already made a compensatory payment of £300 then it needs now only provide a further £300.

My final decision

For the reasons set out above I uphold this complaint. I require Aviva Insurance Limited to take the steps set out under the heading of "putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 September 2025.

Joe Scott
Ombudsman

¹ If Aviva considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr S how much it's taken off. It should also give a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.