

The complaint

Mr B complains that Aviva Insurance Limited (“Aviva”) mishandled a claim on his motor insurance policy.

What happened

The subject matter of the insurance was a car, made by a premium-brand car-maker and first registered in 2019.

By July 2022, Mr B had acquired the car.

For the year from May 2023, Mr B had the car insured on a comprehensive policy with Aviva.

In early September 2023, Mr B’s car and a third party’s car were involved in an incident in a car park. Mr B didn’t make a claim on the policy.

In about January 2024, Aviva told Mr B that the third party had made a claim.

For the year from May 2024, Mr B and Aviva renewed the policy. The policy documents said that Mr B had thirteen years no-claims discount (“NCD”).

By an email dated 19 January 2025, Aviva told Mr B it had closed the claim as a fault claim against him.

Mr B complained to Avva that it hadn’t treated him fairly.

By a letter dated 5 March 2025, Aviva said that it regarded the complaint as resolved, but it told Mr B of his right to refer his complaint to us.

Mr B brought his complaint to us in late March 2025.

In late April 2025, Aviva made an offer through us to Mr B. It said that it had correctly settled the claim as a fault claim. It offered compensation of £150.00 for communication issues.

Our investigator thought that Aviva had made a fair offer. He thought that Aviva had made communication errors, but they hadn’t affected the outcome of the claim. So he thought that the offer of £150.00 was broadly in line with what we’d expect.

Mr B disagreed with the investigator’s opinion. He asked for an ombudsman to review the complaint. He says, in summary, that Aviva shouldn’t have settled the third party’s claim.

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.

Where an insurer makes an outlay on a claim, it's common practice for that insurer to record a "fault claim" against its policyholder unless and until it recovers its outlay in full, typically from a liable third party.

Aviva's policy terms included the following:

*"If we want to, we can take over and conduct in the name of the person claiming under the policy the defence or settlement of any claim...
We shall have full discretion in the conduct of any proceedings or the settlement of any claim..."*

The effect of that term was that – on a question of how best to deal with a claim from a third party – Aviva's view would prevail over its policyholders' view. That's not unusual in motor insurance.

I will consider whether Aviva treated Mr B fairly. Unlike a court, we don't hear evidence from each driver and decide the extent to which either of them is responsible for causing damage.

I can't hold Aviva responsible for the time the third party took to make the claim.

I'm satisfied that Aviva took into account Mr B's report of the incident, including his sketch plan.

However, Aviva had received a claim from the third party, and it had to deal with it.

I can't hold Aviva responsible for the third party's delay in responding. And I don't consider that Aviva treated Mr B unfairly by closing the claim when it hadn't had a response.

However, in November 2024, the third party sent Aviva a witness statement by an independent witness.

Aviva told Mr B that unless he could provide further evidence, it would have to settle the third party's claim.

I'm satisfied that Aviva took into account all the available evidence.

Aviva decided that, rather than incur the cost and risk of court proceedings, it would settle the third party's claim.

As the third party had an independent witness who expressed willingness to go to court, I'm satisfied that Aviva's decision was fair and reasonable.

By an email dated 17 December 2024, Aviva told Mr B that the claim would reduce his NCD to three years.

By an email dated 29 December 2024, Mr B asked Aviva for some information. Given the third party's delays, I consider that Aviva should've realised that it needed to provide Mr B with information and support where reasonable.

By an email dated 9 January 2025, Aviva included the following:

"In order for us to provide the details you have requested we will need confirmation from the third party that we can pass this information over to you."

I will be contacting them to request this information. If we get confirmation that we can forward this to you, we will get this information passed to you as soon as possible.”

However, Aviva has acknowledged that it didn't reply fully.

Also, I'm not satisfied that Aviva sent Mr B a final response setting out why it considered that it had resolved his complaint.

Putting things right

I've thought about the shortcomings in Aviva's communication and their impact on Mr B. I accept that Aviva wasted Mr B's time in repeating and following up questions. He also felt that Aviva had passed him around within its organisation. I accept that Aviva caused Mr B to believe that it hadn't done all it could to resist the third party's claim.

I don't consider that Aviva acted unfairly by settling the third party's claim and recording a fault claim against Mr B. Nevertheless, I consider that the shortcomings in its communication caused Mr B extra distress and inconvenience in an already difficult situation. So I find it fair and reasonable to direct Aviva to pay compensation.

I've thought about how much I would've found fair and reasonable if Aviva hadn't made its offer. I've concluded that £150.00 is fair and reasonable.

That's a change in outcome compared to Aviva's final response but not compared to Aviva's offer. I find it fair and reasonable to uphold this complaint and to direct Aviva to pay Mr B £150.00 compensation for distress and inconvenience.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Aviva Insurance Limited to pay Mr B £150.00 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 15 October 2025.

Christopher Gilbert
Ombudsman