

## **The complaint**

Ms I has complained about how Aviva Insurance Limited handled her motor insurance claim.

## **What happened**

Ms I's car was accidentally damaged, so she made a claim on her Aviva motor insurance policy. Following the involvement of our Service, Aviva agreed to accept the claim. Aviva then offered Ms I around £2,500 so she could arrange for the damage to be repaired. She complained this wasn't a fair way for Aviva to settle the claim. Ms I wanted Aviva to either repair the paint or write off the car and pay the full value for it.

Aviva wrote a final response letter in July 2025. They said the amount reflected the cash-in-lieu estimate for repainting the affected area of her vehicle, minus her policy excess.

Ms I didn't think this resolved things so referred the complaint to our Service. She told us she believed the car was unsellable. At first the Investigator upheld the complaint and thought Aviva should repair the car. But Ms I then said she sold the car so wanted the difference in market value between what her car would have been worth before the damage to the paintwork and what she actually received, less the amount paid to her.

The Investigator changed his outcome, saying that Aviva shouldn't be held responsible for the loss in value for Ms I's car – especially since she didn't have the damage repaired. But he did say Aviva should pay £150 in compensation for the way they handled things.

Aviva agreed with the Investigator's outcome, but Ms I didn't. She said she couldn't repair the car at the price Aviva paid her, and that there was no discussion leading up to Aviva's decision. She said she needed to sell the car as it was affecting her health, and she couldn't wait for Aviva who wouldn't engage with her.

The complaint couldn't be resolved, so it has come 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.

As ours is an informal service, I'm not going to respond to every point or piece of evidence Ms I and Aviva sent us. Instead, I've focused on what I consider to be key or central to the complaint. But I'd like to reassure both that I have considered everything submitted.

I haven't considered whether Aviva's original decision to decline the claim in the first instance was fair, as that was resolved in a previous complaint with our Service. What I have to determine is whether Aviva's decision to make a cash-in-lieu payment for the repairs was fair and reasonable in the circumstances.

Ms I's policy says if her vehicle is damaged, Aviva will repair it or pay her a cash amount equal to the loss or damage. This means Aviva is entitled to choose to pay Ms I a cash

amount to have the damage repaired herself. But they must act reasonably in doing so and must not leave her in a worse position for it.

Aviva declined to undertake the repairs because of pre-existing (non-claim related) damage. I'm satisfied there was pre-existing damage because Aviva has provided information from a suitably qualified professional, alongside photographs, to demonstrate this was the case. And I haven't seen compelling evidence showing otherwise.

While I recognise Ms I would have preferred for Aviva to repair her car, I find it was reasonable for them to decline to do so because of the pre-existing damage. This is because it would have been difficult for Aviva to only repair parts of the car and guarantee a lasting and effective repair. In any case, Ms I has since told us she sold the car, so repairs are no longer an option.

I've thought about whether Aviva fairly indemnified Ms I for her loss – in other words, if they paid her enough to repair the claim related damage. I'm satisfied Aviva did because they sourced a repair quote and paid her what it would cost to have the claim related damage repaired. Ms I says this wasn't enough, but she hasn't provided any persuasive evidence to back this up.

Ultimately, I don't think it was unfair for Aviva to pay Ms I a cash settlement in the circumstances, and without evidence to the contrary, I'm satisfied the amount they paid her was fair. So, I won't be directing Aviva to pay Ms I's request of the difference between what she received for the car and what she thinks is a fair market value.

Aviva could have provided better customer service at times. For example, it could have been clearer with the position regarding pre-existing damage. I'm satisfied these failings caused Ms I some distress and inconvenience. It follows compensation is appropriate and I think £150 is fair and reasonable in the circumstances.

### **My final decision**

For the reasons above, I uphold this complaint and direct Aviva Insurance Limited to pay Ms I £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms I to accept or reject my decision before 8 January 2026.

Andrew Wakatsuki-Robinson  
**Ombudsman**