

The complaint

Ms E is unhappy with the settlement offer Aviva Insurance Limited (Aviva) made when her vehicle was deemed a total loss following an accident. She's also unhappy with the service they provided and that they cancelled the provision of a hire car before she had agreed a settlement figure for her vehicle.

What happened

In April 2025 Ms E's vehicle was parked on the driveway when two cars collided and her vehicle was damaged as a result. She reported it to Aviva the same day and her vehicle was deemed a total loss. Aviva arranged for a hire car through a third-party provider advising that hire would be provided for 21 days or until her claim was settled whichever came first. But Ms E was initially referred back to Aviva as the third-party provider weren't clear on who the responsible party was and so they were unhappy releasing a vehicle to Ms E in the circumstances, as recovery would be more difficult. Aviva arranged for a direct hire car to be provided but said they weren't able to do so over the weekend. Ms E received a hire car the following week, but she was unhappy that it was a small compact car and not like for like with her vehicle. Aviva explained it had been provided in line with the terms and conditions of the policy.

Aviva's agent valued the vehicle first offering £5,988, Ms E didn't accept this, so they increased the offer to £6,164 and then £6,243. As a resolution couldn't be reached it was referred back to the appropriate team within Aviva and a final valuation of £6,811 was offered. Ms E rejected this offer as she felt her vehicle was worth around £8,000.

As Aviva had exhausted their process and were satisfied the final offer of £6,811 was fair, and 21 days of hire had been exceeded, they instructed the hire company to cease hire. Ms E felt this was unfair as she hadn't agreed a settlement and needed a vehicle to get around. Aviva explained that she could use the money they've offered to put down on a new vehicle, and they would continue to review her concern about it. They also explained that they needed to end the hire as they had provided a settlement offer and it had far exceeded the 21 days. And as the third party would be responsible for the costs they needed to be able to justify the hire period. If this was deemed unreasonable or unjustifiable the third party could refuse to cover the costs which wouldn't be in her best interests.

Ms E didn't return the vehicle as requested despite being aware that failure to do so would result in any further costs being her responsibility. She has since been charged by the third party for the time she kept the car following Aviva's cease of hire.

As she was unhappy with the vehicle valuation, with the hire cover being ceased and with Aviva's handling of the claim, in particular one of Aviva's agents behaviour towards her, Ms E made a complaint. Aviva reviewed the concerns and in their final response said they were satisfied with their agent's handling of the call that Ms E highlighted. They accepted there had been a slight delay in Ms E being provided with a hire vehicle as she didn't start hire until 30 April 2025. However, she had exceeded her entitlement of hire, as she had 55 days of hire, and they had provided without prejudice offers to her. So, they were satisfied

with the decision to cease the hire on 24 June 2025. They had provided four vehicle valuations in total. And they apologised that it was necessary for a senior manager to review it and provide their final valuation of £6,811.

Aviva apologised for the distress and inconvenience it caused and offered £400 compensation. This was in addition to the £180 they had already offered so total compensation of £580.

Ms E referred her complaint to this service. Our investigator was satisfied with the final vehicle valuation and offer from Aviva and felt that it hadn't been unfair in respect of the hire vehicle. She was also satisfied with Aviva's agent's behaviour and handling of the call Ms E referenced. She said that the compensation Aviva awarded for the delays in dealing with the vehicle valuation was fair and reasonable in the circumstances. As Ms E didn't accept this and asked for an ombudsman's decision, it has been passed 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.

Whilst I've considered all the information, I haven't commented on it all. Instead, I've focussed on what I consider to be the crux of the complaint and most relevant to the outcome reached. This isn't meant as a discourtesy but reflects the informal nature of this service.

Aviva has a responsibility to handle claims promptly and fairly and they shouldn't decline a claim unreasonably. They have accepted the claim, so I need to decide if the way in which they've handled and settled it has been fair and reasonable.

The terms and conditions set out what is and isn't covered and form the agreement between Ms E and Aviva. In respect of a total loss claim they say:

“The most we will pay will be the market value of your car at the time of the loss.”

I understand that Ms E doesn't feel Aviva have offered a fair market value for her vehicle and she feels Aviva's valuation and offer has left her out of pocket. But this service has an established approach to valuation cases like Ms E's. When looking at the valuation placed on a vehicle by an insurance company, I consider the approach they have taken and decide whether the valuation is fair in all the circumstances.

It isn't the role of this service to come to an exact valuation of a consumer's vehicle. But we do look to see if insurers have acted reasonably in looking to offer a fair market value for it. In doing this we consider the various trade guides used for valuing vehicles as well as other evidence provided by both sides. This evidence might include advertisements for the sale of similar vehicles and show the condition of the vehicle at the time of the incident which is also an important factor to consider. And I will only direct a business to increase its valuation if I consider it unfair.

I have considered the relevant trade guides, and I have also considered the advertisements provided by both Aviva and Ms E. Having done so I'm satisfied the guides were in the ballpark of Aviva's final offer. And the advertisements Aviva provided supported this also. I appreciate some of the advertisements Ms E provided were higher, but the vehicle information wasn't necessarily the same such as a difference in mileage or spec. I also note Ms E's vehicle had an expired MOT. So, taking account of everything, I don't think Aviva have treated Ms E unfairly in reaching their final valuation offer.

Ms E also had concerns about the provision of a hire vehicle. Aviva have accepted there was a delay in providing this but as a gesture of goodwill they allowed Ms E to keep the hire vehicle until 27 June 2025. This significantly exceeded the time outlined in the policy terms which said:

“Hire car – optional cover

A hire car will be provided to you if your car has been stolen or has been damaged and is not repairable. Hire cars are subject to availability and are provided for a minimum of five days and a maximum of up to 21 days, or until your settlement has been agreed (whichever is earlier).”

It also goes on to say:

“A hire car is typically a small three door hatchback car with four seats”

I recognise that Ms E feels they should have provided the hire car until she had agreed a settlement figure. However, whilst a mutual agreement wasn't reached the hire far exceeded the 21 days and as the terms say, “whichever is earlier”, they were within their rights to cease the hire long before they did.

I'm aware that Ms E was unhappy that the hire vehicle she received was a small vehicle and not like for like. The terms and conditions are clear that it would typically be a small vehicle, it doesn't say they will provide a like for like. I'm therefore satisfied Aviva provided the hire car in line with the terms and conditions of the policy.

I'm sorry to hear about Ms E's difficult circumstances and I recognise the impact additional charges for exceeding the hire have had, However, once Aviva ceased the hire, they were clear that any additional charges would be Ms E's responsibility. So, this isn't something I can hold Aviva responsible for.

Ms E has also raised concerns about Aviva's handling of the claim, in particular the behaviour of one of their agents during a telephone call. She said it left her feeling overwhelmed and in a state of fear and panic. I have listened to the call and whilst the agent was direct in delivering what he needed to say and his tone not necessarily as I'd expect, I think he was trying to be clear and manage Ms E's expectations. It was a difficult conversation with both Ms E and someone else in the room talking to the agent at the same time. I felt it was clear that the relationship had broken down. But overall, I don't think the agent was rude or aggressive and his intention was to ensure Ms E understood the status of the claim.

Overall, for the reasons explained, I'm satisfied that Aviva haven't been unfair in offering Ms E £6,811 for her vehicle or in ceasing the hire as it had exceeded 21 days. They have accepted there were delays in providing a hire vehicle and in reaching their final valuation figure and have paid £180 and offered an additional £400, making a total award of £580 Which I think is fair and reasonable in the circumstances as it recognises, they should have done better in processing the hire and valuation and covers the distress and inconvenience it caused for Ms E when she was already going through a difficult time.

I recognise Ms E has yet to receive the settlement for the vehicle. However, I can see that Aviva did offer an interim payment, as I'd expect, and explained that she could continue to dispute the valuation whilst using the payment to purchase a new vehicle. But Ms E didn't accept it.

My final decision

My final decision is that Aviva Insurance Limited should pay Ms E:

- The settlement for the vehicle of £6,811
- An additional £400, making the total compensation £580 for the distress and inconvenience it caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 5 March 2026.

Karin Hutchinson
Ombudsman