

The complaint

Ms K complains about the settlement that Aviva Insurance Limited offered her following the total loss of her car. She wants it to pay her a fair settlement. Ms K is also unhappy with the level of service provided and delays in the claim.

What happened

Ms K's car was damaged and declared to be a total loss. Aviva eventually offered Ms K £11,468 less the policy excess in settlement of her claim. But Ms K thought her car was worth more as she had paid more for it and had had the car only for a short time. Aviva agreed that its level of service had been poor and it had caused delays in reviewing its valuation. It paid Ms K £200 compensation for the trouble and upset this caused. But it declined to increase the settlement.

Our Investigator didn't recommend that the complaint should be upheld. He thought Aviva's settlement was made in keeping with our approach as it had paid more than the highest valuation provided by the motor guides we use. He thought Aviva's level of service had been sometimes poor, but he thought its offer of compensation for this was fair and reasonable.

Ms K replied that her car's mileage was much lower than the Investigator had recorded. She said she'd had to spend thousands of pounds more to buy a replacement car. She thought Aviva should have restored her position to what it had been before the accident. Ms K asked for an Ombudsman's review, so her complaint has come to me for a final decision.

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.

I was sorry to hear that Ms K was hurt in the accident and that the claim experience has caused her stress and upset. I can understand that she wants a fair settlement for the loss of her car. Ms K's policy provides for the car's market value in the case of its total loss. I can see that this is defined in the policy booklet as:

“The cost of replacing your car with one of the same make, model, specification and condition. The market value, determined at the time of loss or damage, may also be affected by other factors such as mileage, MOT status (if one is required), how you purchased your car and whether it has been previously declared a total loss.”

The Investigator has explained this service's approach to car valuations. We don't provide valuations for cars but look to whether the insurer's offer is reasonable. In most cases, we assess the market value as the price which the consumer would have had to pay for a comparable vehicle across the various markets, immediately before the time of the damage or loss.

This could be slightly less than advertised retail prices, although this will depend on the most likely market for the particular age and model of vehicle. Because of recent changes in the market, we are increasingly hearing of cars selling either for or close to their advertised price.

Assessing the value of a used vehicle isn't an exact science. We generally find the valuations given in motor guides most persuasive. These guides are based on extensive nationwide research of likely selling prices. We also take all other available evidence into account, for example, engineer's reports, advertised prices and independent valuations.

Our Investigator thought Aviva's settlement offer was fair and reasonable. So I've checked how he came to this conclusion. I can see that he looked in the motor valuation guides we use for cars of the same make, model, age, mileage, condition and optional extras as Ms K's car at the date of its loss.

Ms K was concerned that an incorrect mileage had been used. But I can see that this was the same mileage as on the photograph of the car's odometer she provided. The valuations he found ranged between £10,395 and £11,251.

Given the current challenges in the used car market the motor valuation guides have a wider range of values than we have seen previously. And we think going by the highest will ensure consumers have received a fair offer, allowing them to replace their car with one of the same make, model and specification.

So we now expect insurers to pay the highest of the valuation guides, unless they are able to provide us with evidence which supports a lower valuation.

Aviva had provided a valuation of £11,468, which was higher than the valuations provided by the guides. It arrived at this figure by taking an average of the advertised prices for two similar cars, one with higher and one with lower mileages.

So I'm satisfied that its evidence shows that Ms K could replace her car for its valuation. And so I'm persuaded that Aviva's offer was fair and reasonable as it was made in keeping with our approach and the policy's terms and conditions. I don't require it to increase this.

Aviva accepted that its level of service had been lacking. Aviva delayed reviewing its valuation after Ms K raised a dispute about its initial offer. She had to chase it for updates. And Ms K received a poor level of service from Aviva's salvage agent. This caused Ms K avoidable trouble, stress and upset.

Aviva paid Ms K £200 compensation for these errors. And I think that's fair and reasonable as it's in keeping with our published guidance for the impact caused. I don't require Aviva to do anything further.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 20 May 2026.

Phillip Berechree
Ombudsman