

The complaint

Mr R complains about Aviva Insurance Limited and the valuation they placed on his car following its theft.

What happened

The claim and complaint circumstances are well known to both parties, so I don't intend to list them chronologically in detail. But to summarise, Mr R held a motor insurance policy underwritten by Aviva.

Unfortunately, in June 2023, Mr R's car was stolen. So, he contacted Aviva to make a claim. Aviva accepted the claim, and paid Mr R a total settlement amount of £4,646, less the applicable policy excess. But Mr R was unhappy with this valuation, so he raised a complaint about it, asking for the valuation to be increased.

Aviva responded to the complaint and didn't uphold it. They felt the settlement amount they had paid was a fair one, based on a valuation that had been calculated correctly. So, they didn't think they needed to do anything more. Mr R remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and upheld it. They explained our services most recent approach to valuing vehicles, which expects a business to pay the highest valuation obtained from the trade guides, unless there is evidence to support paying a lower figure. And in this situation, out of the four trade guide valuations our investigator obtained, the highest valuation was £5,492. So, as they didn't think they had seen evidence to support paying a lower figure, they thought this was a fair valuation. And they directed Aviva to increase their settlement offer to reflect this valuation, plus 8% simple interest on the additional payable amount from the date the first settlement was paid, to the date of payment.

Mr R accepted this recommendation. But Aviva didn't respond. As Aviva didn't respond, our service must assume they rejected the recommendation and so, the complaint has been passed to me for a 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.

Having done so, I'm upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Our service has an updated and well-documented approach on what we expect a business

to do when valuing a vehicle after it's been decided a total loss settlement is required. As has always been the case, we'd expect a business to obtain valuations from the four motor trade guides. And then, we'd expect the highest valuation presented from these guides to be paid, unless there is evidence that supports why a lower offer should be paid.

In this situation, I can see our investigator obtained valuations from all four guides, using the correct mileage and incident date. And these guides produced valuations that ranged from £5,085 to £5,492. And I've seen no evidence from Aviva that I think shows me why any settlement figure should deviate from the highest provided by the trade guides, in line with our service's approach. So, I think a fair valuation, and settlement, should be £5,492, less any applicable excess on the policy.

And in this situation, I can see Aviva have only paid a settlement of £4,646 less the applicable excess. So, I don't think Aviva have valued Mr R's car fairly and so, I think they need to do something to put this right.

Putting things right

When thinking about what Aviva should do to put things right, any award or direction I make is intended to place Mr R back in the position he would've been in, had Aviva acted fairly in the first place.

Had Aviva acted fairly, I think they would've valued Mr R's car at £5,492. And so, I think Mr R would've received this settlement figure, less the applicable excess, when Aviva's initial settlement was paid.

So, I think Aviva should pay Mr R the amount that remains outstanding to ensure he receives the full valuation settlement of £5,492, less his policy excess. And I think Aviva should pay 8% simple interest on this payment, from the date the initial settlement was paid to the date of payment, to recognise the length of time Mr R was without access to these funds unfairly.

I note Mr R has accepted this recommendation to resolve his complaint and so, I've taken this acceptance into account when thinking about whether Aviva need to do anything more on top of this additional payment. And having done so, I don't think they do here.

My final decision

For the reasons outlined above, I uphold Mr R's complaint about Aviva Insurance Limited and I direct them to take the following action:

- Pay Mr R the outstanding amount required to ensure the full settlement he receives equates to £5,492 less his policy excess; and
- Pay Mr R 8% simple interest on this additional amount, calculated from the date he received Aviva's initial settlement to the date of payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 27 March 2024.

Josh Haskey
Ombudsman