

The complaint

Mr C has complained about the way Aviva Insurance Limited handled a claim for burglary under his home insurance policy and about the settlement it offered him.

What happened

In September 2022 Mr C made a claim to Aviva after his home was burgled. Various items were stolen. Aviva appointed a loss adjuster to assess the claim for stolen goods. Shortly after, Mr C provided a list of the stolen items with receipts.

Mr C says that between November 2022 and February 2023 Aviva made him a total of nine settlement offers which he rejected. In respect of some items Mr C said the offer wasn't an equivalent item or no longer available on the website used by Aviva. He also didn't think it was fair that Aviva had made a discount for a cash settlement. On 22 February 2023 the loss adjuster made what they said was a final offer of £5,929.72 to settle that part of the claim but Mr C thought he should receive about £1,000 more.

On 1 March 2023 Aviva confirmed it would not increase its last offer. It said Mr C could accept it without losing the right to bring a complaint to this service about the settlement. He didn't accept the offer and referred his complaint to this service. Our Investigator upheld the complaint in part. She recommended that Aviva should pay Mr C £150 compensation for the way it had handled his claim and arrange for its loss adjuster to review the settlement with Mr C.

Following further negotiation, the parties agreed a settlement of £6,122.56 which was part paid in November 2023 and the balance in January 2024. The settlement included a discount for cash.

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 the parties have now agreed a settlement figure, I won't revisit that. I would, however, say that under the policy terms Aviva is entitled to offer a cash settlement based on what it would have paid to replace an item with its suppliers which may be less than a consumer would pay. So I don't think Aviva treated Mr C unfairly in making a discount for a cash settlement.

I've considered whether it would be appropriate to require Aviva to pay interest on the settlement. We usually say that interest should be payable one month from the date the claim was made up to the date of the actual payment as this recognises that an insurer needs a reasonable time to consider, investigate and pay a claim after it has been made.

But in this case Mr C could have received the bulk of the eventual settlement if he had accepted Aviva's offer as set out in its letter dated 1 March 2023 to pay £5,929.72 without prejudice to his right to bring a complaint to this service. So to put things right I think it's only fair to require Aviva to add interest at 8% simple a year to the settlement of £6,122.56 (which

I appreciate is slightly higher than Aviva's so-called final offer) from 23 October 2022 (being one month after the claim) to 1 March 2023.

The way Aviva handled the claim caused Mr C some unnecessary trouble and upset. He sent a lot of information to Aviva's loss adjuster in support of his claim and I think they should have made more of an effort to contact him to understand his concerns about the items in dispute which in turn would have led to the claim being settled sooner. Overall in the circumstances I think the sum of £150 recommended by our Investigator is fair and reasonable to compensate Mr C for its poor service.

My final decision

I uphold this complaint and require Aviva Insurance Limited to pay Mr C compensation of £150 and to add interest at 8% simple a year to the settlement of £6,122.56 from 23 October 2022 to 1 March 2023. If Aviva considers tax should be deducted from this interest, it should provide Mr C with appropriate documentation for HM Revenue & Customs.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 16 May 2024.

Elizabeth Grant
Ombudsman