

## **The complaint**

Mr S' complaint is about a claim he made on his Aviva Insurance Limited ('Aviva') musical instrument insurance policy.

Mr S says he was given the wrong information about the amount the policy would pay out for instrument hire costs and that this caused him loss.

## **What happened**

Mr S had a policy in place to cover him in the event there was accidental damage to his musical equipment.

Mr S' DJ equipment had become damaged, so he sent it to a repairer to assess. Mr S says the repairer had a four week wait before they could assess the equipment. Because he had a number of other music gigs booked in that period, he called Aviva to find out how much he could claim for in the event that he had to hire replacement equipment during this time.

When he called Aviva, he asked about the reference to £250 for equipment hire that was noted within his policy and set out that he'd been given a quote to hire replacement equipment for £160 per week. Mr S says the person he spoke to did not make it clear that the sum of £250 was the total amount he could claim for replacement equipment hire costs and not per week. He says that had this been made clear to him he would have made a decision to buy replacement equipment rather than hire this and that he's now out of pocket as a result.

Aviva considered Mr S' complaint and said there had been a miscommunication about the level of cover but felt the representative Mr S spoke to did advise him of the applicable policy limit. Aviva recognised however that their representative should have been clearer about what this meant for Mr S when he told her what the hire costs he was proposing to incur were. Because of this they offered him £75 to compensate him for this oversight.

Unhappy, Mr S referred his complaint to the Financial Ombudsman Service. Our investigator considered his complaint and concluded that it shouldn't be upheld. She said that whilst the Aviva representative Mr S spoke to could have been clearer, she did explain the cover for equipment hire was per occurrence and this was reflected in Mr S' policy schedule. She also said the offer of £75 by Aviva was adequate compensation for not making the position clearer. Mr S did not agree so the matter was passed to me to determine.

I asked Mr S to explain what he would have done if it had been made clear to him that he wouldn't be covered for the equipment hire costs he was quoted for when he made the call to Aviva, taking into account that he told Aviva he had two to four gigs booked per week. In response Mr S said he would have explored other options, including the loss of work section on his policy, or more likely bought new equipment outright for £700 instead of incurring £640 in hire costs for the period, which he couldn't claim back.

Mr S said that after waiting more than four weeks for a decision about whether his equipment could be repaired, it was ultimately written off by his insurer. The replacement

cost was £1000 because the make and model of his exact equipment had become discontinued by the manufacturer only 2 weeks before. Mr S says that if he had been given the correct information, he could have hired equipment for the first week then purchased a replacement model for £700 whilst this model was still available and whilst waiting for his insurance claim to run its course. He's provided evidence of the types of equipment that were available to him for the values he's quoted to support what he says. Mr S feels he would have saved hundreds of pounds by taking this action.

Earlier this month I issued a provisional decision in which I said:

*"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 uphold Mr S' complaint. I'll explain why.*

*Having listened to the recording of the call between Mr S and the Aviva representative, I'm satisfied that the limit on hire costs was not made clear to him. It's clear from the recording that the purpose of the call was for Mr S to check what cover was available to him for the hire of alternative equipment before he committed to hiring it. Mr S told the representative he spoke to that hire costs were either £160 per week or £80 per day, that his equipment wouldn't be reviewed by the repairer for at least 4 weeks and that he had anything between 2 to 4 gigs booked within that period. When Mr S queried the £250 mentioned in the policy, it's right that the adviser said fleeting that this was "per occurrence" which in this case meant per claim, but when Mr S asked her for clarity, she simply went on to direct him to put in his invoices to claim for hire costs after the costs were incurred. Given the way the call unfolded, I think it was reasonable for Mr S to conclude that his claim for hire costs would be covered. He did after all make it clear that he was proposing to incur costs far in excess of the limit applicable on the policy and in my view, it was reasonable for him to think, given what he was told, that he would be covered. It's also clear to me from the call that he didn't understand what the adviser meant when she said "per occurrence" and when he asked her for clarity, she didn't explain this. So overall I don't think Aviva made clear that Mr S' policy wouldn't cover more than £250 in total for hire costs, which was the purpose of his call.*

*Aviva have accepted their representative should have been clearer during the call and offered Mr S £75 to compensate him for this. But I don't think this goes far enough. Mr S has incurred £640 in equipment hire costs, which he says he wouldn't have incurred had it been made clear to him that only £250 would be covered in total. Instead, he's said he would have incurred perhaps a week's worth of hire costs, which would have been covered by the policy and then simply bought replacement equipment at a cost of £700.*

*Mr S' claim for damaged equipment was eventually settled by Aviva on the basis that the repairs conducted to it weren't sufficient to resolve the damage. So, Aviva discharged Mr S' claim for replacement equipment which cost around £1,000. Had things been made clear to Mr S about the likely hire costs, I'm persuaded that he wouldn't have incurred £640, knowing he couldn't claim this all back and instead would have replaced his equipment when he could for £700. As that same equipment was no longer available when Aviva offered to replace his existing equipment, they instead paid out a claim for £1,000. Given how things unfolded, I think it's likely that Aviva would have eventually taken a commercial view of the claim and reimbursed Mr S' claim for equipment at a cost of £700, both reducing their liability and his. And even if they didn't to start with and simply tried to attempt a repair of Mr S' equipment, and that repair was successful, Mr S would have still been better off because he would have had both replacement equipment and his own repaired equipment at around the same cost, he'd spent on 4 weeks' worth of hire.*

*Because of this I think Mr S has lost out and Aviva need to do more to put things right.*

## ***Putting things right***

*Aviva should pay:*

- *Mr S' entire claim for hire costs, less the £250 they've already paid towards them.*
- *A total of £150 in compensation for the stress and inconvenience caused to Mr S as a result of the way they dealt with his claim, which would have caused him both frustration and inconvenience. This amount should include the offer Aviva have already made of £75. If Aviva have already paid this amount, they will be entitled to deduct it from the £150 I've directed they pay here."*

I asked both parties for anymore comments and evidence they might want to put in response to my provisional findings. Both parties have responded. Aviva has accepted my provisional decision. Mr S has also accepted my provisional decision but has pointed out that he was not paid the correct amount for the replacement of his DJ equipment by Aviva as the unit cost £1000 rather than the £700 he thought it would. This was because the unit was discontinued after the claim had been processed and he went to purchase a new one. He says he ended up with a more expensive model because the replacement wasn't available.

Mr S also says he hasn't received anything at all in respect of his claim for hire costs as he didn't accept the offer made by Aviva in respect of this. As such he says he's not received the £250 and £75 referred to respectively in my provisional 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, and given that the parties accept my provisional findings, I remain of the view that Mr S' complaint about his claim for hire costs should be upheld for the same reasons and in the same way set out within my provisional decision.

I appreciate what Mr S says about his claim for replacement equipment, but I can't determine what Aviva should have paid him in respect of that because it doesn't form part of the complaint he's brought to this Service. If Mr S feels that Aviva should have paid him more in respect of this claim, he should contact Aviva accordingly and explain the position to them, with evidence. I would expect Aviva to consider that accordingly. If Mr S remains unhappy with their position after that then he will be entitled to raise a new complaint.

I note that Mr S says he's not received anything from Aviva in respect of his claim for equipment hire or compensation. If that's the case Aviva won't be entitled to deduct that from the amounts I'm directing they must pay. I've set those out below.

## **Putting things right**

Aviva should pay:

- Mr S' entire claim for hire costs. If Aviva have not paid anything towards this claim they will not be entitled to make any deductions from it.
- A total of £150 in compensation for the stress and inconvenience caused to Mr S as a result of the way they dealt with his claim, which would have caused him both frustration and inconvenience. This amount should include the offer Aviva have already made of £75. If Aviva have not already paid this amount, they will not be entitled to deduct it from the £150 I've directed they pay here.

## **My final decision**

For the reasons set out above, I uphold Mr S' complaint against Aviva Insurance Limited and direct them to put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 June 2024.

Lale Hussein-Venn  
**Ombudsman**