DRN-4866657

The complaint

A limited company, which I will refer to as B, complains about the handling of its commercial vehicle insurance claim(s) by Aviva Insurance Limited.

What happened

The following is only intended as a brief summary of events. B operates in what I will refer to as the construction industry, and has a number of vehicles in connection with this. B held a Minifleet insurance policy underwritten by Aviva to provide cover for these vehicles.

In May 2023, two of B's vehicles were involved in an accident. B, via its broker, contacted Aviva to claim for the damage caused. Aviva asked for some further information in order to allow the claim(s) to progress. This information was not provided until July 2023.

At this point, Aviva considered that one of the vehicles involved in the accident was damaged so badly it was uneconomical to repair it, and so it was considered a total loss. Aviva offered B £1,877 in relation to this. The second vehicle had not been damaged as badly. And B obtained a quote for repairs from a third-party garage. These repair costs were authorised.

However, B complained about a number of points. It did not consider the claim(s) settlement offer was high enough, or that it took into account all of the issues. It was unhappy that it had not been provided with courtesy vehicles. And that the first vehicle had not been collected nor had storage charges been paid for this. And B was unhappy with the overall handling of the claim(s).

Aviva responded to the complaint, ultimately offering an additional £500, plus interest, in relation to the settlement of the first vehicle claim. It also apologised for not having provided a courtesy car in relation to this vehicle, and offered £90 in relation to this. But said that as B had used a non-approved repairer, no courtesy car was provided by the policy terms in relation to the second vehicle. Aviva did also apologise for the claim handling issues, including the lack of collection of the first vehicle, and offered B £500 in relation to this.

B was not satisfied and referred its complaint to the Ombudsman Service. However, our Investigator considered that Aviva's increased offer as set out above was a fair and reasonable response to the complaint.

As B remained unsatisfied, its 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 have come to the same outcome as our Investigator, largely for the same reasons.

A number of issues have been raised through the course of the claim(s) and complaint. As mentioned, the above is merely a summary of these. And I also do not intend to deal with each individual point raised. Instead, I will take a holistic approach and will only focus on what I consider to be the key issues. This is not intended as a discourtesy to B, but rather this is in line with the Ombudsman Service's role as an informal dispute resolution service.

The first issue I will address is the settlement of the total loss claim on the first vehicle. Valuing second hand vehicles is not an exact science. However, the Ombudsman Service expects insurers to begin this process, where possible, by considering the industry trade guides. These give an indication of what vehicles are currently valued at. And we expect insurers to look across multiple guides in order to make sure there is a good understanding of the different values the different guides reach.

In this case, Aviva looked across a couple of guides and offered a settlement in line with the higher of these. Having looked at these guides, as well as another, I am persuaded that Aviva's initial offer here was fair and reasonable. And, whilst I note B's comments about increasing prices, I haven't been provided with any evidence that persuades me that this initial offer was unfair or unreasonable.

That said, this initial offer did not take into account some additional features of the first vehicle. This included the signwriting, lining and roof bars. I do think these should have been included, albeit it does seem Aviva did ask some details about at least part of these and was not provided with the requested evidence. However, although Aviva did not initially include these features in its initial settlement offer, it has since increased this offer by £500 to take into account these features. I have not been provided with any evidence that this sum is not fair or reasonable.

It follows that the final offer Aviva made in relation to the first vehicle was fair and reasonable.

B has said that the settlement of the claim on the second vehicle does not include all required elements. Largely, this relates to the signwriting also required on that vehicle. It does not appear likely that all of the signwriting would require replacement on this vehicle, as only part of the vehicle was damage – as opposed to a total loss of the other vehicle, which would mean completely new signage all over.

The invoice B provided from the third-party garage did include an element of "decal" work. B has indicated that this did not include the signwriting of its own logo, etc. and was limited to other markings on the vehicle. However, no persuasive evidence has been provided that B has incurred a cost here that has not been already included in the settlement from Aviva. So, I am unable to fairly and reasonably ask Aviva to do anything more here.

Aviva has said that it is willing to pay for the costs B incurred in recovering the vehicles from the accident site. But has asked B to provide evidence of these costs. I consider this to be reasonable. B does need to demonstrate the costs it had incurred in order for Aviva to be reasonably responsible for meeting them.

B is unhappy that courtesy cars were not provided. Aviva accepts that it ought to have provided a courtesy car for six days in relation to the first vehicle. It offered B £90 in relation to this (£15 per day). However, it said that as B elected to use a non-approved garage to repair the second vehicle, no courtesy car would have been provided under the terms of the policy. B says it was not informed of this or given the option of using an approved repairer.

I will return to the timeline of the complaint and discuss when things ought reasonably to have happened. However, ultimately, the claims process properly began on 11 July 2023. It

then took a couple of days for the claim for the first vehicle to be assessed, and an offer of settlement was paid a few days after this. As per the conditions of B's policy, B ought to have been provided with a courtesy car for the period between the claim being accepted and the settlement being received. Aviva accepts that it did not do this, and that this left B without a courtesy car that it was entitled to.

B did not hire an alternative vehicle, and instead its director used his own vehicle. So, no direct financial loss was suffered as a result. B has said that the use of the vehicle caused wear and tear. However, I consider that this would have been fairly minimal over the six-day period the courtesy car ought to have been provided. And it should be noted that the policy only provides for a small car or van to be provided, rather than an actual replacement for the type of vehicle that was damaged.

So, whilst it is clear B was inconvenienced by this situation, and that Aviva ought to have provided the courtesy car for six days, there does appear to have been any financial loss as a result. Taking this into account, I consider Aviva's offer of £90 to compensate for this is fair and reasonable.

In terms of the lack of a courtesy car for the second vehicle, B's policy says this will be provided where one of Aviva's approved garages is used for the repairs. B has said that it was not offered the use of such a garage. However, it is also evident that at the time information Aviva required to validate the claim was provided, Aviva was also provided with a schedule of works and estimates from the third-party garage. I consider it was reasonable for Aviva to take this to mean that B wanted to use its own garage, rather than one of Aviva's.

I do appreciate that B may not have a full awareness of insurance processes, and I do agree that Aviva could have perhaps provided clarification here. But I also need to take into account the fact that these communications were taking place via B's broker. And the terms of the policy are clear as to when a courtesy vehicle will be provided and when it will not. This means I do consider it was reasonable for Aviva to make the assumptions it did that B was choosing to use its own repairer.

Taking everything into account, I do not consider Aviva ought to have provided B with a courtesy car in relation to the second vehicle.

I would also add here that even if a courtesy vehicle ought to have been provided, this would only have been for the period from 11 July 2023 to when the repairs were completed, rather than the period from the accident. This ties in with the general handling of the claim and whether there were any delays.

Aviva accepts that, at times it could have progressing things better and provided more clarity in communications. However, it does not agree that it is responsible for the period leading up to 11 July 2023. This is because it was waiting for information it needed to validate the claim. I consider that the information was reasonably required, and that it was also reasonable for Aviva to wait for this before progressing the claim. So, I am unable to say Aviva ought to have done more prior to 11 July or that it is responsible for any of the issues B may have encountered during this period.

After this point, Aviva did make its total loss offer and authorise the repairs within a few days. I consider this to have been reasonable and that there were no significant delays here.

However, as Aviva has acknowledged, there was a delay in reviewing the total loss settlement and in providing the increased offer to cover the extras. As well as acknowledging this and considering it as part of the overall compensation though, Aviva's offer includes the

addition of 8% simple interest on the increase in the settlement offer. I consider this appropriately redresses the impact of B not having these funds for the relevant period.

One area where B has not incurred a direct cost, but feels that Aviva needs to provide compensation, is around the storage of the written off vehicle. Aviva accepts that it did not arrange for this vehicle to be collected as it ought to have. But, B stored this within its own premises, and did not incur any direct cost in relation to this. It is likely that storing the vehicle would have caused B some inconvenience. However, Aviva has said that this has been taken into account when making its offer.

Aviva's offer of compensation in relation to all of these claims handling issues was £500.

This is in addition to increasing the settlement offer for the total loss vehicle by £500, and adding interest to this. And paying £90 in relation to the lack of a courtesy car being provided in relation to this vehicle.

If B can provide evidence of recovery costs, Aviva has also said it will pay these.

Taking everything into account, I consider this to be a fair and reasonable offer. It follows that I am unable to fairly and reasonably ask Aviva to do any more in the circumstances of this complaint.

My final decision

My final decision is that the offer made by Aviva Insurance Limited is fair and reasonable. It should pay this to B if it has not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 12 September 2024.

Sam Thomas
Ombudsman