

The complaint

Miss H has complained about the way Aviva Insurance Limited administered her motor insurance policy.

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.

Our investigator thought Aviva had taken reasonable steps to put things right. I agree, and for the same reasons, so I don't think there's a benefit for me to go over everything again in detail. Instead, I'll summarise the main points:

- Miss H held motor insurance with Aviva. She got in touch about the possibility of making a change to her policy, but Aviva cancelled it.
- Aviva accepts this was an error and has offered to do the following as a result: pay compensation, refund the cancellation fee it charged, and pay the extra cost, if any, of Miss H's new policy compared to the original Aviva policy.
- Miss H didn't think this went far enough to put things right. She noted she hadn't asked for the policy to be cancelled but, due to the error, she'd been driving without insurance for a few days – which had caused her a great deal of stress. And due to system limitations, the policy couldn't be reinstated, so she had to take out a new one. Miss H suggested Aviva should pay more compensation, in line with the fine she would have received if she'd been charged for driving without insurance.
- It's not in dispute that Aviva made a mistake here. When an insurer makes a mistake, I'd expect it to put the consumer back in the position they should have been – or as near as possible – and compensate them for the impact of the error.
- Aviva said it couldn't reinstate the policy. But it could provide a new quote and, if it was more expensive, it would pay the difference to Miss H. I understand Miss H took out insurance elsewhere and Aviva agreed it would pay the extra cost, if any, of that policy. Aviva also offered to refund the cancellation fee it charged. As a result of these offers, it meant Miss H would be no worse off financially than if the policy had remained in place. So I'm satisfied Aviva's offers would return Miss H to the financial position she should have been in.
- Aviva also offered Miss H £150 compensation for the distress and inconvenience it had caused. I know Miss H doesn't consider this is a reasonable amount, given the stress and wasted time she's suffered. This Service doesn't have the power to punish an insurer. And any compensation we award must be proportionate to the actual impact of an error – not what could have happened had things been different. As a result, I've thought about what happened to her as a result of Aviva's error. Having done so, I'm satisfied £150 is a fair and reasonable amount of compensation.

- Overall, that means I'm satisfied Aviva has taken reasonable steps to put right the mistake it made. So I won't require it do anything further.

My final decision

I uphold this complaint.

I require Aviva Insurance Limited to, if not done so already:

- Pay £150 compensation
- Refund the cancellation fee
- Pay the extra cost, if any, of Miss H's new policy compared to her Aviva policy, subject to evidence of the cost.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 23 October 2024.

James Neville
Ombudsman