

## **The complaint**

Mr M complains Aviva Insurance Limited (Aviva) did not offer a fair market value for his car after it was stolen. He further complains about the level of service received after he made his claim on his motor insurance policy.

## **What happened**

In May 2022 Mr M had his car stolen.

He made a claim on his motor insurance policy and Aviva made a valuation of £17,000 for his car. This was then increased to £17,595 and this amount, less any excess due, was paid in settlement.

As Mr M was not happy with the settlement amount or the service he had received from Aviva, he brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and said a fair market value had not been paid based on the motor valuations we use. They recommended Aviva increased the valuation to £18,421.50. And add 8% simple interest to the increased amount to the date of settlement. They said they had not seen any unnecessary delays caused by Aviva when validating the claim. They said the claim had been dealt with fairly and Aviva hadn't treated him differently to other consumers or discriminated against him.

As Mr M is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

## **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.

## **Settlement**

In this case I have considered whether Aviva acted fairly and reasonably in reaching its decision as to the level of settlement offered to Mr M following the theft of his car. My role is not to provide an exact valuation but to make a judgment as to whether the offer of settlement is fair.

I firstly looked at the details within Mr M's motor insurance policy with Aviva. In this case on page seven of the policy terms and conditions it says;

*"Section 1 – Loss of or damage to your vehicle*

*The most we will pay is the market value of your vehicle."*

On page six it says;

*"Market Value the cost of replacing your vehicle with one of the same make, model, specification and condition. The market value may also be affected by other factors such as*

*Mileage, MOT status (if one is required), how you purchased your vehicle and whether it has been previously declared a total loss."*

Therefore as per the terms of Mr M's policy Aviva only have to offer him market value for the car.

Although this service doesn't value vehicles, we do check that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. We use trade guides to do this, and they're based on nationwide research of likely selling prices and take the car's specifications, mileage etc into account.

This service doesn't consider the question of market value to be an exact science, however our general approach is that the valuations given in the main motor trade guides provide the most persuasive and consistent evidence. These guides are based on extensive nationwide research of likely (but not actual) selling prices.

I do accept that prices of used cars can change on a regular basis. This could be an increase or decrease. This is the reason why we take the approach that if Aviva can demonstrate that it used a fair process to value the car then we wouldn't interfere with the offer it has made.

I looked at the information Aviva used when calculating the market value for Mr M's car. I saw it obtained valuations from two trade guides. I saw Aviva initially offered Mr M £17,000 and this was increased to £17,595.

I looked at the valuations our investigator obtained. They used four of the main trade guides, of which one was the same as one used by Aviva. The average of these four valuations was £18,421.50.

In this case I am not persuaded a fair market value offer has been made by Aviva. It used only two trade valuations and its final settlement offer was the same amount as the lowest valuation it obtained. I don't think it is fair to discount one valuation in favour of another.

For the reasons given I'm not persuaded that Aviva have acted fairly in settling Mr M's claim at £17,595. I think the average of the four trade guide valuations that our service usually uses is the fair valuation in this case. This amount is £18,421.50

Therefore, I uphold this part of Mr M's complaint and require Aviva to settle Mr M's claim at £18,421.50, which is the average of the four trade guide valuations used by our service. It should also pay 8% simple interest on the difference to date of settlement.

### ***Service and delays***

Mr M said Aviva did not consult with him about the claim and settlement. He said it should have been in touch with both himself and another insurer who was not linked to this policy. However under the terms of the policy Aviva are able to handle and settle a claim how it chooses. It does not require agreement from the policy holder.

In this case the policy says on page 25 of the terms and conditions;

*"Claims Procedures*

*Our rights*

*We shall have full discretion in the conduct of any proceedings or the settlement of any claim."*

This means Aviva did not need to consult with Mr M or any other insurer regarding this claim.

I saw Aviva decided it needed the police report to conclude its validation of Mr M's claim and I saw it informed Mr M it was waiting for this report to be received. I do not think it was unreasonable for Aviva to ask for this evidence. I am satisfied Aviva made this request based on the circumstances of the theft and claim.

I do not think Aviva provided a poor level of service. And I have not seen any unnecessary delays caused by Aviva when validating Mr M's claim.

After Aviva made its settlement offer, I saw it paid the outstanding finance agreement on 21 September 2022. However it failed to pay the remainder of the settlement amount to Mr M at the same time. I saw Mr M had to contact Aviva a number of times to sort this out. Aviva agreed it made a mistake. On 30 September 2022 it issued the remaining amount to him, and it also paid compensation of £350 for the impact of the delay in the claim payment. I think this amount was fair.

I am satisfied Mr M has been treated the same as any other consumer in the same circumstances. I have not seen any evidence of discrimination in this case.

Overall I think the case was handled fairly and within the terms of the policy and I therefore do not uphold this part of Mr M's complaint.

### **My final decision**

I require Aviva Insurance Limited to pay £826.50 to Mr M. This is the difference between £17,595 which is the amount already paid and the valuation of £18,421.50. Plus 8% simple interest on the difference to date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 8 August 2023.

Sally-Ann Harding  
**Ombudsman**