

The complaint

Mrs T complains Aviva Insurance Limited hasn't offered a fair value for her car following it being written off after an accident.

Mr D has made representations for and on behalf of Mrs T but, for ease, I refer to Mrs T throughout this decision.

What happened

The details of the claim are well known to both parties, so I won't repeat them again here. Instead, I'll summarise the background and focus on the reasons for my decision.

Mrs T insured her car with Aviva under a motor insurance policy. In August 2023, Mrs T's car was involved in an accident and Aviva explained her car would be written off.

Aviva offered £7,414 to settle the claim. Mrs T wasn't happy, so she complained about the valuation offered. Aviva didn't change its position. As Mrs T didn't agree, she brought the complaint to this service for an independent review.

An Investigator at this service looked into matters. They ran their own valuations to verify those obtained by Aviva. The Investigator also obtained a further result from another motor trade guide not used by Aviva. After deducting 20%, as Mrs T's car had previously been written off, the valuations obtained ranged from £5,840 to £7,070. As Aviva had offered more than the top of this range (£7,414), the Investigator considered its offer was fair. They explained the adverts Mrs T sent weren't persuasive as they weren't for comparable cars. And shared evidence to show all optional extras the motor valuation guides took into account for a car like Mrs T's didn't make a difference to the value at the date of loss.

Mrs T didn't agree. She says the value is at least £9,000 particularly as she had a sunroof. And she bought it in November 2022 for £10,099 which wasn't long before the accident. Further, the fact there aren't comparable cars is what makes it special/rare and justifies a higher value.

As an agreement couldn't be reached, the matter was 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'm not upholding Mrs T's complaint. And I consider the Investigator explained the reasons for this clearly and thoroughly in their view and correspondence.

It is my role is to decide whether Aviva has applied the policy terms and conditions when reaching its market value and whether it has done so in a fair and reasonable way. Based on what I've seen, I'm satisfied it has.

Where a car has been written off as a result of an accident, it's usual for the insurer to pay the consumer the market value of the car immediately before the accident. This is what Mrs T's policy provides. It defines the market value as follows.

'the cost of replacing your vehicle with one of the same make, model, specification, year, mileage and condition. The market value determined at the time of loss or damage, may also be affected by other factors such as MOT status (if one is required), how you purchased your vehicle and whether it has been previously declared a total loss.'

This means Aviva will pay the value of the car immediately before the accident which, here, it determined to be £7,414.

We use the same trade guides – in addition to one other - to help decide if a settlement offer is fair when valuing second-hand vehicles. Having considered these guides, I've noted the valuation offered by Aviva is higher than all the guides after a 20% deduction is applied to them because Mrs T's car was previously written off. And this is further supported by the valuations sent to this service by Aviva.

I've also taken into account the evidence from Mrs T which included adverts with a range in price from £9,995 to £12,000. But I'm not persuaded this evidence is relevant and persuasive evidence Aviva's offer is unfair in this matter. I say this because the adverts from Mrs T are for cars like Mrs T's but with less miles and which haven't previously been written off.

I've thought about the valuations produced by the guides, that Aviva's offer sits above them all, and the extent to which it's supported by the additional evidence I've reviewed and found persuasive. Having done so, I'm satisfied Aviva's offer is fair and reasonable in all the circumstances.

I note Mrs T's comments about items left in the car when it was recovered. As this has been raised as a separate complaint by Aviva, it's not something I've considered in this decision.

My final decision

For the reasons set out above, my final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 21 February 2024.

Rebecca Ellis
Ombudsman