

The complaint

E complains Aviva Insurance Limited handled its motor insurance claim poorly.

E is a limited company. For simplicity I've referred to its representatives' actions and comments as being its own.

What happened

In April 2022 a vehicle belonging to E was damaged in a collision. E claimed for the damage under its Aviva mini fleet motor insurance policy. The claim was handled by an agent on behalf of Aviva. I've referred to the agent as 'X'.

Unhappy with progress of the claim, in September 2022, E complained to X. In response X said the vehicle was with the approved repairer (AR) awaiting parts. X accepted responsibility for delay caused by failures to log a claim promptly and to notify the AR of authorisation of repairs.

By December 2022 the car still hadn't been repaired. So E complained again. X responded in January 2023. It said delay was the result of a shortage of necessary replacement parts. It said it had explored various options including using second hand parts or returning the car until parts arrived. It said it was at the mercy of suppliers but was doing all it could to return the vehicle to E.

In early March 2023 E referred the matter to the Financial Ombudsman Service. Its vehicle still hadn't been repaired and returned. E said there had been a series of delays leaving it without use of its, or a replacement, vehicle. It explained this delay had caused additional costs, including a replacement battery. It said in that time the vehicle had depreciated in value, it had to pay insurance and it had been inconvenienced by having to deal with the claim. To resolve its complaint E wants to be compensated for being without the use of its car, its value depreciation and other additional costs – or for it to be written off. The car was returned to E in late March 2023.

Our Investigator considered the actions of X. He felt it wasn't fair to hold it responsible for delays. He did feel it had caused E inconvenience by failing to provide adequate updates on the claim. He recommended it pay £150 compensation to make up for that. E didn't accept that outcome. It said due to the extended delay in repairs compensation of £1,000 to £2,000 would be more appropriate. So the complaint was passed to me to decide.

The Investigator considered the complaint against X – not Aviva. However, I consider X to have been the agent of Aviva – the provider of the insurance. Ultimately Aviva is responsible for how the claim was handled. So I've considered the complaint against Aviva – with X having acted as its agent for the claim and complaint.

I issued a provisional decision. In it I explained why I intended to require Aviva to pay E £150 compensation. As the provisional decision's reasoning forms part of this final decision I've copied it in below. I also invited E and Aviva to provide any further comments or evidence they would like me to consider before issuing this final decision.

what I've provisionally 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.

As this is an informal service I'm not going to respond here to every point or piece of evidence E and Aviva have provided. Instead I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted.

X failed to respond to various requests for information. So this decision is based on the limited information I've been provided with so far.

My key consideration is - would it be fair for Aviva to pay any compensation, for loss or additional costs incurred by E, because of delay or omission it (or its agent X) was responsible for.

I've separated the claim journey into two parts – before and after E's car was collected by the AR for repair in mid-September 2022.

E confirmed it wished to claim for repairs to its vehicle in mid-May 2022. After various events, including a requirement for non-claim related repair, the car was collected by the AR. That was five months later in mid-September 2022. That's far longer than I'd usually expect. X's accepted responsibility for some of that delay. I'm not going to go into detail here, but I'm satisfied it (and so Aviva) was to blame for it taking several months longer than it should have.

Once with the AR repairs took around six months. Again that's much longer than I'd usually expect. X says the cause was a worldwide shortage of parts. I've no reason to doubt that explanation. There was a problem with supply of motor parts around that time.

When it's clear a shortage of parts will delay repairs, beyond a few weeks, I'd expect an insurer to explore various options to minimise the impact on the policyholder. It does seem, from its January 2023 complaint response, that X did do that. Options considered, but rejected, included returning the vehicle unrepared and sourcing used parts.

In some circumstances, particularly where loss of use of a vehicle is causing detriment to a policyholder, it might be reasonable for an insurer to write it off. X says Aviva rejected that option. It's not clear why. However, I wouldn't consider that an unfair decision in the circumstances. Whilst the situation was no doubt an inconvenience to E, I'm not persuaded being without the car was causing it significant problems or losses.

I might also expect a courtesy car to be provided when there's significant delay to repairs. In any event E was entitled, under its policy, to a courtesy car. The policy says Aviva will provide one whilst E's vehicle is being repaired by an AR – so from September 2022 to March 2023.

E says a courtesy car would have helped, but one wasn't offered. X says, in its January 2023 complaint response, that one was offered to E. As I've said X hasn't provided any contact notes or records so I can't know for certain either way. But E did say, in an email in August 2022, that it didn't require a courtesy car. That was

said during a discussion about the AR collecting its vehicle. I've seen that X explained to E, in its January 2023 complaint response, that a courtesy car can still be provided if required.

It seems then that, even if E wasn't offered a courtesy car, it was aware at the outset of repairs, and was reminded during the delay, that one was available. So with that in mind, if it didn't request one, I can't fairly find Aviva to have been at fault for not providing a courtesy car.

As I've said I'm satisfied Aviva did cause avoidable delay during the claim. That likely resulted in E being unable to use its vehicle for longer than would have been the case otherwise. When that happens I sometimes require the insurer to reimburse resulting additional costs or losses incurred by the complainant – in this case E. But it hasn't, so far, detailed or evidenced any losses or direct additional costs incurred. For example, it doesn't appear to have hired an alternative vehicle.

E has explained its vehicle was no longer a main company car. I can see it had two others available. It's said its absence meant employees were required to use their personal vehicles for work purposes on occasions. I accept that may be an inconvenience for E and its employees. But it hasn't been explained how that arrangement caused E, itself, additional costs. So, whilst I accept there was delay, I'm not persuaded the loss of use of the vehicle resulted in additional costs or loss of income for E.

I do accept there was an inconvenience to E of it being without the car – for example it had to ask employees to use their own vehicles. It also had the inconvenience of committing time pursuing the claim and communicating with F. The Investigator recommended £150 compensation. I agree that would be a reasonable amount for Aviva to pay to recognise the unnecessary inconvenience to E.

E requested that it be reimbursed an amount to reflect the depreciation in value of the car. But that depreciation, due to age, would have occurred even if the claim had been handled efficiently. So I'm not going to require Aviva to pay anything for that.

Finally E asked to be compensated for the costs of repairs related to its vehicle's battery. I accept its possible X's poor handling of the claim was the cause of that problem. However, it's not unusual for cars to experience issues with batteries. So, without any supporting evidence, I'm not persuaded delays with the claim was most likely the primary cause. So I'm not going to require Aviva to cover the battery related costs.

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.

Neither E nor Aviva provided any comments on my findings. So I've no reason to change my position. That means Aviva will need to pay E £150 compensation.

My final decision

For the reasons given above, I require Aviva Insurance Limited to pay E £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 27 May 2024.

Daniel Martin
Ombudsman