

The complaint

Mr M complains that Aviva Insurance Limited mishandled a claim on his taxi insurance policy.

What happened

The subject matter of the insurance, the claim and the complaint is a multi-purpose vehicle, first registered in 2019. Mr M acquired the vehicle and used it as a taxi.

For the year from late August 2023, Mr M had the vehicle insured on a taxi policy with Aviva. Any claim for damage (except a glass claim) was subject to an excess of £500.00.

Unfortunately, Mr M reported that in June 2024, an accident had damaged the vehicle. Aviva accepted his claim. It said the vehicle was a total loss and its pre-accident value had been £19,763.76. After deducting the excess of £500.00, that left a balance of £19,263.76.

By about 15 July 2024, Mr M had complained to Aviva that it was under-valuing the vehicle.

By a final response dated 12 August 2024, Aviva offered to pay the £19,263.76 on a without prejudice or interim basis. It acknowledged that it should've made such an offer on 15 July 2024 and it said it had calculated a delay of 29 days. It offered to pay Mr M:

- £19,263.76 for the vehicle;
- £122.44 interest;
- £150.00 compensation for having to chase.

Aviva's final response also offered to consider any further losses.

Mr M replied on about 14 August 2024 including the following:

"the vehicle to be licenced from [local authority] must be less than 3 years old and under 40,000 miles on the clock to be licensed..."

I would settle for a figure of £36,000.00 including VAT"

Later, Mr M sent Aviva a copy of an invoice dated 31 August 2024 for the hire of a vehicle for the months of July and August 2024 at a cost of £56.99 per day.

By an email dated 6 September 2024, Aviva said that it had paid Mr M the balance of £19,263.76 and that it would pay him the following:

- £122.44 interest
- £150.00 compensation

- £1,983.25 hire costs for 29 days of £56.99 per day;
- £2,255.69 total

Mr M brought his complaint to us on about 10 September 2024. He said an adviser had advised him to accept the interim payment. He added a complaint that Aviva had unfairly recorded the claim as a fault claim against him.

Our investigator said that if Mr M wished to complain about how the claim has been recorded, he could raise that concern with Aviva and may be able to bring that complaint to us once it had responded.

Otherwise, our investigator didn't recommend that the complaint should be upheld. He thought that Aviva's settlement offer and payments were fair.

Mr M disagreed with the investigator's opinion. He asked for an ombudsman to review the complaint. He or his representative says, in summary, that:

- Mr M purchased a commercial policy.
- Mr M was not placed in the position he was in before the accident, regarding the value of the vehicle at the time of the accident.
- He has provided the licensing requirements of the local authority.
- He has provided information about the costs of the licence.
- Aviva should provide the insured party with compensation equivalent to the loss suffered.

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.

Fault Claim

The Financial Ombudsman Service is bound by the Financial Conduct Authority's dispute resolution rules.

One of those rules is that, before we can investigate a consumer's complaint about a firm, the consumer must first have made that complaint to the firm and waited for up to eight weeks for a final response.

It sometimes happens that a consumer makes a complaint to a firm and receives a final response, then brings that complaint to us with the addition of extra points of complaint. In such a case, we can investigate the original complaint, but we would have to deal separately with the additional complaint.

Another rule is that we have to operate a two-stage process under which an investigator gives an opinion and if necessary, an ombudsman gives a final decision.

In Mr M's case, I haven't seen enough evidence that he made a complaint to Aviva about it recording a fault claim. So I consider that the investigator was correct not to give any opinion on that complaint. And I don't make any findings about that complaint in this final decision.

Nevertheless, Mr M may like to note that Aviva's policy terms including the following:

"General Conditions

...

Claims procedure

...

(2) You, or anyone else claiming under this policy, must not admit to any claim, promise any payment or refuse any claim without Our written consent. If We want to, We can take over and conduct in Your name, or in the name of the person claiming under the policy, the defence or settlement of any claim or take proceedings for Our own benefit to recover any payment We have made under this policy. We shall have full discretion in the conduct of any proceedings or the settlement of any claim..."

Policy Cover

Aviva's policy terms said that the most Aviva would pay would be the "Market Value" of the insured vehicle at the time of the loss. The policy defined "Market Value" as: "*the cost of replacing your vehicle with one of a similar type and condition*".

From its MOT history, I've seen that the vehicle passed a test in March 2024 with a recorded mileage of about 230,000. It was a Euro 6 diesel vehicle.

Mr M's point has been that – in order to meet the licensing requirements of his local authority – he would need a younger vehicle with a lower mileage and have to pay for a new licence. Mr M has provided evidence that the local authority would no longer license a Euro 6 diesel vehicle after a date in 2025.

I keep in mind the policy terms. I don't find it fair and reasonable to direct Aviva to pay for the costs of a replacement vehicle or the costs of a licence.

Valuation

For a vehicle like Mr M's, our investigator found retail prices in the trade guides as follows:

Auto Trader	not available
CAP	£ 6,895.00
Glass's	£14,736.00
Percayso	£18,304.00

I don't think that Mr M has provided enough evidence to show that his vehicle was worth more than Aviva's figure of £19,763.76. As Aviva's valuation is higher than the highest of the trade guide figures, I'm satisfied that it was fair and reasonable.

Delay

I would've expected Aviva to have made an offer on 15 July 2024 to pay Mr M £19,263.76 without prejudice to his right to continue to seek a higher figure. Aviva acknowledged that in its final response dated 12 August 2024, when it made that offer about 29 days later.

Aviva offered interest of £122.44. I'm satisfied that this was calculated on the £19,263.76 for 29 days at our usual yearly rate of 8%. So I'm satisfied that it was a fair and reasonable amount.

In many cases, the delay in offering an interim payment of about £19,000.00 would cause delay in the policyholder being able to replace the vehicle. So Aviva also offered to reimburse £1,983.25 for hire charges for the period of delay.

I'm satisfied that this was more than fair and reasonable. From what Mr M told us, the payment of £19,263.76 (which I've found fair) still didn't enable him to get a replacement vehicle that was suitable for the local authority's requirements.

I accept that Aviva's delay before the final response caused Mr M the upset and inconvenience of having to chase Aviva about settling his claim. However, Aviva tried to put that right with its offer of £150.00. And I conclude that in the circumstances, that amount was fair and reasonable and in line with our published guidelines.

Conclusion

Aviva's valuation of £19,763.76 was fair and reasonable. Aviva was responsible for some delay in offering an interim payment. However I'm satisfied that its offers of interest, compensation and reimbursement of hire (together totalling over £2,000.00) were fair and reasonable. So I don't find it fair and reasonable to direct Aviva to pay any more or to do any more in response to this complaint.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct Aviva Insurance Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 March 2025.

Christopher Gilbert
Ombudsman