

The complaint

Ms H complains about the way Advantage Insurance Company Limited handled a claim made against her motor insurance policy.

Reference to Advantage include their agents.

What happened

Ms H raised concerns about both the sale of the motor insurance policy and the handling of a claim made in March 2020. Advantage are the responsible party for the claim related complaint and not the sale of the policy – that's being considered separately. Therefore, I'll only be considering Ms H's complaint about the way Advantage handled the claim.

In March 2020, Ms H was unfortunately involved in an incident with a third party which caused damage to her car. So, she contacted Advantage the following day to make a claim. Ms H said the third party drove away from the incident before she was able to obtain their details.

Ms H said she was informed during this call that Advantage would collect her car and carry out repairs. However, two days later Ms H received a letter to say her car would likely be a total loss, so she needed to send her keys and documentation to Advantage's agent. Ms H also said the letter referenced her car being destroyed.

Ms H wasn't happy about this. She contacted Advantage to say she wanted her car repaired, not destroyed. Advantage said Ms H could forward repair estimates and they'd consider these costs, but Ms H said the local garages to her were closed.

In April 2020, Ms H and Advantage discussed the claim. Ms H maintained she didn't want her car to be deemed a total loss. Advantage said due to the age of her car, mileage and repair costs it was very likely her car would be deemed total loss. At this point, a full assessment of the market value of Ms H's car hadn't been carried out.

Ms H said her car mileage was presented in kilometres, not miles. And that Advantage said she was able to withdraw the claim and carry out repairs privately. This is because Advantage didn't think she'd receive a cash payment given the likely value of her car being lower than the policy excess. Advantage also said repairs wouldn't be authorised if they cost over a certain percentage of the car value. Advantage said Ms H withdrew the claim.

Ms H raised a complaint. She wasn't happy Advantage's agent had contacted her to say her car would be destroyed, and that her car would likely be deemed a total loss – rather than repaired.

Ms H also felt the policy entitled her to a courtesy car and an uninsured driver promise. So, whilst she was unable to provide details of the third party, she thought this covered her and entitled her to a courtesy car. Ms H also said she had maintenance work carried out to her car recently before the incident and wanted these costs reimbursed under the policy.

Advantage maintained they'd acted fairly by choosing to deem the car a total loss under the policy. They said the recent work Ms H had done to her car such as, new tyres, a motor starter and battery were maintenance and wouldn't impact the market value of the car. They said they'd fairly followed the claims process and didn't think the complaint should be upheld. As Ms M remained unhappy, she brought a complaint to our service for consideration.

An investigator here looked into the complaint. She considered the points Ms H raised as part of the claim handling. She felt Advantage applied the policy terms fairly so she didn't recommend the complaint should be upheld.

Ms H wasn't happy about this. Whilst she wasn't happy with the overall claim handling, she said her main concerns related to the sale of the policy. However, Ms H requested that an ombudsman considers her complaint about the claim handling, so it's now been passed to me to decide.

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.

As Ms H has made several complaint points about the claim handling, I've separated these out and used headings for ease of reading, firstly starting with the claim settlement.

Whether Advantage acted fairly when deciding how to settle the claim

My starting point here is Ms H's policy. This covers her for damage caused to her car following an incident. The policy sets out how Advantage will settle a claim, which says:

*'You're covered for an accident, vandalism and malicious damage
If your Car is damaged or lost because of an accident, vandalism or malicious damage there are three ways your Policy can help you get back on the road again.
Your Insurer will do one of the following:*

- *Pay for any necessary repairs*
- *Replace your Car*
- *Pay the Market Value of your Car immediately before the loss.'*

This means Advantage are entitled to choose how they decide to settle a claim. In this case, they said Ms H's car would most likely be deemed a total loss due to the age of the car, the mileage and the repair costs involved which their engineer felt would be more than the value of the car.

The policy defines a total loss as:

'If your Car can't be repaired or the costs of repair is uneconomical, your Car will be declared a total loss. This is commonly called a "write-off".

Based on what I've seen, I don't think Advantage acted unfairly by choosing to settle the claim by deeming the car a total loss under the policy. Advantage told Ms H that due to the age of her car and policy excess, it might mean that she wouldn't receive a cash settlement under the policy. I can see some options were provided to Ms H, and that Advantage said she withdrew her claim.

A letter was sent to Ms H on 19 May 2020 to say that Advantage closed the claim, but they could reopen it later. The letter also said her no claims discount hadn't been affected by the incident.

Because she withdrew the claim, Advantage didn't carry out a full market value assessment of Ms H's car. I understand from the claim notes this still hasn't been done. Advantage told Ms H they could reopen the claim if she wishes to do so. I think Advantage's offer to reopen the claim should Ms H request this is fair.

I can see from the notes that Ms H asked Advantage to cover the costs of maintenance work she'd previously had done to her car. She wanted the costs of fitting new tyres, a battery and motor starter covered under the policy.

These works were carried out to maintain the car and keep it in roadworthy condition which every motor insurance policyholder is legally required to do. And so, I'm unable to require Advantage to reimburse these costs under the policy. I should also explain that generally these works wouldn't increase the value of a car. This is because these works in their very nature are to ensure a car is kept roadworthy and maintained.

Overall, I think Advantage's decision to treat Ms H's car as a total loss was reasonable.

The letter requesting Ms H's keys and documents

Ms H also raised concerns about the letter she received two days after being told Advantage would collect her car and carry out repairs. I can appreciate this would've caused Ms H a lot of worry and concern given she said she'd previously been told it would be repaired. I can see from the claim notes that once Ms H discussed this with Advantage, the request for keys and documentation was cancelled. So, Ms H's car wasn't collected and destroyed by Advantage.

Advantage says the letter was sent as they thought Ms H's car would likely be written off. The letter also said if Ms H was still in the process of agreeing a valuation, then Advantage would be in touch to discuss this over the next few days.

I've given a lot of thought to this part of Ms H's complaint. I'm satisfied it was sent given Advantage chose to settle Ms H's claim as a total loss. As above, this is something they're entitled to do under the policy. What didn't follow here was an assessment on the market value of Ms H's car. Which, as above, I understand still hasn't been considered further.

Ms H didn't have access to a courtesy car

Ms H also complained about not receiving use of a courtesy car as part of the claim. I've also considered this as part of the claim handling. The policy does entitle Ms H to a courtesy car in certain circumstances. But the policy also says on page 4 that:

'You won't be eligible for a courtesy car if your Car is stolen or considered to be a Total Loss/write-off'

I accept here that Ms H disagreed with Advantage's decision to deem her car a total loss. But based on the above, as I'm satisfied Advantage acted fairly by deciding to settle the claim as a total loss, the policy didn't entitle Ms H to a courtesy car.

The uninsured driver promise under the policy

There is another element of the policy Ms H complained about, which is the uninsured driver promise. I note Ms H said she was unable to provide Advantage with details of the third party as they drove away following the incident. But Ms H said Advantage should've been able to locate the third party given the damage was most likely substantial and the third party would've also needed to raise a claim.

I've looked at the policy terms which say:

'Your insurer promises that if you're involved in an accident that isn't your fault and the driver of the vehicle that hits you doesn't have motor insurance:

- *You won't lose your no claims discount*
- *You won't have to pay any Excess/es.'*

But the policy also says:

'To benefit from this promise you must send us the make, model and registration number of the vehicle that caused damage to your Car and, when possible, tell us the other driver's name and address.'

The circumstances Ms H explained here are extremely unfortunate. She said she was hit by a third party who then proceeded to drive away from the incident. This means she was unable to provide Advantage with the details they required under this part of the policy. And so, whilst I do sympathise with Ms H's situation, I'm unable to say here that Advantage acted unfairly.

Summary

I accept my decision will come to disappoint Ms H. But my decision ends what we – in attempting to resolve her claim related dispute with Advantage – can do for her.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 8 April 2021.

Liam Hickey
Ombudsman