

## **The complaint**

Ms A complains that Advantage Insurance Company Limited didn't pay her enough for her car which was deemed a total loss following an accident, when she claimed on her car insurance policy.

Any reference to Advantage includes its agents.

## **What happened**

Ms A was unfortunately involved in an accident in January 2021, so she made a claim on her car insurance policy. Advantage accepted the claim and told Ms A her car was a total loss. Advantage offered Ms A £17,432 as the market value of her car and paid her this sum, less the excess, in February 2021.

Ms A was unhappy with this amount. Amongst other points, she explained that her car was of a high specification, had low mileage and several optional extras which hadn't been taken into consideration. She provided some adverts for cars which were similar to hers, albeit with a lower specification, all of which were advertised for more than Advantage had offered her. Ms A also explained that the accident had already caused her and her husband significant upset, and the issues with the valuation were only adding to this. Unhappy with matters, she complained to Advantage.

Advantage reviewed her complaint. In summary, it explained that it had taken an average of two car valuation guides before settling on a figure. It also explained that the optional extras Ms A had fitted didn't increase the market value of the car. Following further conversations with Ms A, Advantage reviewed a third valuation guide and increased its offer to £17,464 and paid Ms A the additional settlement. But Ms A remained unhappy, explaining that none of the guides took into account the optional extras. She also used another valuation guide herself, which said it did take her optional extras into consideration and gave a value of around £19,000.

Ms A brought her complaint to this service. One of our investigators reviewed matters but didn't think Advantage had treated Ms A unfairly. He explained that the guide valuations provided by Advantage were broadly similar to the values he had reached when reviewing things. He explained that optional extras don't always add value to a car. And, even if he were to consider the guide Ms A used, which did take her optional extras into consideration, it would still mean the figure Advantage provided was within range of all the guides.

Advantage didn't dispute our investigator's findings, but Ms A did and mostly repeated her earlier points. I issued a provisional decision where, in summary, I explained I thought it was appropriate to obtain a bespoke valuation from one of the trade guides, for reasons including Ms A's testimony about the optional extras on the car. The bespoke guide showed a figure higher than Advantage's offer. This prompted a review of the other two commonly used guides which also showed higher figures. So, I thought Advantage needed to increase its offer to be in line with the average of these figures and add 8% simple interest per year on the additional amount it pays, to compensate Ms A for being without this money. I also recommended it paid Ms A £200 compensation for the distress and inconvenience caused.

Ms A accepted the decision. Advantage responded and, in summary, indicated it was inclined to disagree with the decision but wanted physical examples of the guides used and clarity about what was meant by a bespoke valuation. It also said that the bespoke valuation was considerably more than the figures it had obtained and asked whether this was due to the bespoke guide taking into account the optional extras. Having provided the requested information to Advantage, Advantage then didn't provide any further comments to my provisional 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 haven't changed the opinion I expressed in my provisional decision. I've explained my reasoning below. But before I do so, I want to say that I have taken on board all of the additional comments Advantage raised in response to the provisional decision.

As part of her submissions, Ms A has also provided information about a personal injury claim relating to the accident. However, as I understand it, the focus of Ms A's complaint to this service is about the valuation of her car. Therefore, this is what my decision will comment on. If Ms A is unhappy about her personal injury claim, she would need to raise it separately.

The role of this service isn't to establish the value of a person's vehicle. Instead, we review the steps an insurer has taken when valuing a vehicle and decide whether these were fair and in line with the terms and conditions of the policy.

Ms A's car was deemed a total loss following the accident. So, Advantage decided to compensate her by assessing the market value of the car in line with the terms of Ms A's policy, which I think was fair for it to do. Market value is described in the policy terms as:

*"The cost of replacing your Car in the United Kingdom at the time the loss or damage occurred with one of the same make, model, age and condition."*

When reviewing Ms A's claim, Advantage initially only obtained valuations from two of the available trade guides. It later went on to use a third trade guide but didn't consider the optional extras Ms A highlighted. Ms A didn't think this was fair. She thought that the guide she had used, which had taken the optional extras into consideration, was more reflective of the market value of her car. She also provided adverts of cars with a similar specification which also suggested the market value was higher than Advantage had offered her.

I've considered that Advantage didn't make use of all the commonly used trade guides available when it conducted its review. I've also taken into account Ms A's testimony about the optional extras on her car as well as supporting information in the form of adverts for similar cars, which all show a range higher than the offer from Advantage. With this in mind and given that Ms A has specifically raised concerns relating to the optional extras, I considered it appropriate to obtain a bespoke valuation from one of the trade guides to take into account the optional extras.

The bespoke guide gave a valuation of £19,300, which is higher than the offer Advantage provided. In light of this new information, I considered it appropriate to review the other two commonly used trade guides again. These showed values of £19,801 and £18,230. The amount Advantage offered is below the range of all the three trade guides above. It follows that I don't consider Advantage's offer to be fair and reasonable and I think it should do more to put matters right for Ms A.

A good starting point in this instance is to consider the average of the figures outlined above, which brings the value up to £19,110. So, I think that Advantage should pay Ms A £19,110 for the market value of her car, minus any applicable excess and minus any settlement it has already paid her. It should also add 8% simple interest per year on the additional amount it pays, to compensate Ms A for being without this money. This should be calculated from when it paid its earlier offer until the date it makes payment, as this is the time Ms A has been without the additional money.

Ms A has also explained in detail the impact the matter has had on her. She said that the accident itself already caused significant upset for her and her husband, and the ongoing negotiations about the car valuation had only caused further upset. Ms A explained she's spent a long time researching the matter because she felt Advantage's offer wasn't fair, evidenced by her detailed testimony and the car adverts she provided.

With this in mind, I think Advantage should also pay Ms A some compensation for the unnecessary distress and inconvenience caused. This is because the matter has been ongoing for close to a year for Ms A, involving multiple conversations with Advantage about the amount it offered. And, as I understand it, Ms A still hasn't replaced her car as she hasn't been paid enough to do so. Therefore, I'm satisfied that £200 is a fair and reasonable amount to compensate for this.

### **My final decision**

My final decision is that I uphold this complaint, and require Advantage Insurance Company Limited to:

- Pay Ms A the market value of her car – £19,110 – minus any applicable excess and minus any settlement it has already paid;
- Add 8% simple interest\* per year on the additional amount it pays, from the date of any settlement already paid to Ms A, up until the date of payment;
- Pay Ms A £200 compensation for the distress and inconvenience the matter has caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 23 March 2022.

\* If Advantage Insurance Company Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms A how much it's taken off. It should also give Ms A a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Hana Yousef  
**Ombudsman**