

## **The complaint**

Mr and Mrs D are unhappy with how Advantage Insurance Company Limited (Advantage) handled their motor insurance claim.

## **What happened**

In July 2021 Mr and Mrs D made a claim on their motor policy. At first it was thought the car was repairable, so Advantage arranged for the vehicle to be taken to a garage for further inspection.

A few weeks passed, Mr and Mrs D hadn't heard anything, so they contacted Advantage for an update. Advantage wasn't sure what was happening with the vehicle. Mrs D spent some time calling around and located the vehicle but was informed the vehicle wasn't repairable and deemed a total loss category S.

Advantage initially valued the vehicle at £4,485.81. This offer was declined by Mr and Mrs D as they were looking for around £7,000 to reflect the current market price of their car.

Advantage increased its settlement offer to £4,776 but this was also declined. At this point Mr and Mrs D also made a complaint. In their final response Advantage increased its offer to £5,600 which they said was the maximum value they could request from the third party's insurer based on the trade guides.

They also awarded £75 for the distress and inconvenience caused by the confusion in relation to the car being repairable and the service provided.

Mr and Mrs D brought their concerns to this service. Our investigator felt the final valuation was fair but thought Advantage should pay Mr and Mrs D an additional £125 for the distress and inconvenience caused.

Mr and Mrs D felt the valuation didn't reflect the current market value or what they would need to pay to replace the car. They also felt the level of distress and inconvenience wasn't reflective of the service they had received and the hassle they had been put to. The complaint has therefore 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.

Whilst I've considered all the information provided by both parties, I haven't commented on everything. Instead I've focussed on what I consider to be the crux of the complaint.

The policy terms and conditions explain that Advantage may repair the vehicle or settle the claim by paying the market value for the car immediately before the loss. Market value is defined 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. This may not necessarily be the value you declared when the insurance was taken out. Your insurer may use publications such as Glass’s Guide to assess the Market Value and will make any necessary allowances for the mileage and condition of your car and the circumstances in which you bought it.”*

Advantage decided not to repair the vehicle as they deemed it uneconomical to do so. Having reviewed the engineers report I don’t think they’ve been unreasonable here as the repair costs were higher than the vehicle’s market value.

Whilst initially offering a lower settlement, Advantage did revise this with a final settlement offer of £5,600. I can see they determined this by using three well known trade guides and they took the highest valuation to reach this figure.

Our service doesn’t value vehicles, instead we check to see the insurer’s valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we use relevant trade guides, as well as considering other information such as adverts. But we tend to find the guides most persuasive as they’re based on nationwide research of sales prices.

Having checked the trade guides, I can see the correct vehicle information has been used and the offer made is above the mid-range and at the higher end of the guide valuations. So overall, I think the offer of £5,600 is fair and reasonable.

I understand Mr and Mrs D feel in the current climate this isn’t a fair settlement as it will cost more than this to replace the vehicle. However, since the accident the second-hand car market has picked up considerably meaning vehicles are priced higher than they once were. Whilst I sympathise with Mr and Mrs D’s situation as we’re considering the value of the vehicle at the time of the accident rather than now, this isn’t something I can hold Advantage responsible for.

It’s clear Advantage’s level of service wasn’t what it should have been. Mr and Mrs D were initially under the impression the car was repairable and only when they chased it up, it became clear it was in fact a total loss. It seems there was a lack of communication internally as well as with Mr and Mrs D as the garage also weren’t aware of what was happening.

Mr and Mrs D said there was no discussion or consultation about the salvage and they weren’t offered the option to retain it. The terms say:

*“If your car is a total loss, your insurer may put it in storage until your claim is settled. Your Insurer is also entitled to take possession of your car once they’ve settled your total loss claim.”*

When someone makes a claim, it is for the insurer to decide how to settle that claim in line with the terms and conditions. The terms don’t suggest salvage would be offered as a resolution and this isn’t unusual. We would normally expect an insurer to allow the policy holder to retain the salvage if they had expressed a wish to do so. But Mr and Mrs D hadn’t. The final valuation was given on 10 September 21 and the vehicle’s salvage wasn’t auctioned by Advantage until 28 September so there was time to retain the vehicle if it was something they were interested in.

At the start of the claim, the service provided wasn’t at the standard it should have been, a lack of communication and miscommunication did cause Mr and Mrs D distress and

inconvenience. Having been involved in a car accident is already a very distressing time, and I'm aware Mrs D is still suffering as a result of her injuries obtained in the accident. Not knowing what was happening, understanding the car would be repaired to then be told it was a total loss a few weeks later after having to chase around during this time would have added to this.

Taking account of this, I think £200 fairly reflects the impact this had. I appreciate Advantage feel they've already offered a more than reasonable vehicle valuation. But distress and inconvenience is considered separately to settlement of the claim itself.

I'm aware Mr and Mrs D have further concerns with Advantage's actions following the settlement. However, as these concerns weren't referred to us as part of this complaint, it isn't something I've considered.

### **My final decision**

My final decision is that Advantage Insurance Company Limited should pay Mr and Mrs D £125 to bring the total compensation to £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs D to accept or reject my decision before 20 June 2022.

Karin Hutchinson  
**Ombudsman**