

## **The complaint**

Mrs W complains about the settlement offered by Advantage Insurance Company Limited following a claim on her car insurance.

Mrs W's husband, Mr W – a named driver on the policy, has brought the complaint on Mrs W's behalf. However for ease of reading, all references to Mrs W include the actions of her husband.

## **What happened**

Mrs W had car insurance with Advantage. In December 2021 she was involved in an accident that resulted in the car being written off. She made a claim on the insurance. Advantage took some time to settle the claim. When it did it offered a settlement of £5,525.24 as it said this was the market value of the car.

Mrs W was unhappy with this and how her claim had been handled. She said the settlement offered wasn't enough to buy a like for like replacement. She also thought Advantage had taken too long reaching a settlement and said she'd been entitled to a courtesy car under the policy but this hadn't been provided, which she didn't think was fair. She made a complaint.

Advantage upheld her complaint. It agreed it had caused unnecessary delays and offered a total of £200 compensation to make up for this. It also reconsidered the valuation of the car and increased the settlement to £5,935. However, said that as the car was a write off, a courtesy car wouldn't be provided under the policy, so it was right that this wasn't offered.

Mrs W was unhappy with this resolution. She said the settlement still wasn't an accurate reflection of the value of the car. She brought the complaint to this service.

Our investigator considered everything and recommended the complaint be upheld. He said Advantage had based their valuation on two trade guides, when we usually consider three. And on checking, the third trade guide provided a higher valuation. He also considered adverts provided by Mrs W and said he thought the higher of the two guide prices were more reliable based on these. So he recommended the valuation of the vehicle would more fairly be assessed as £6,245, as this was an average of the two higher trade guides. However he thought the compensation Advantage had offered was fair in the circumstances and thought it had acted in line with the policy terms by not offering a courtesy car.

Mrs W accepted our investigator's outcome, however Advantage didn't. It said its revised valuation was an average of the three trade guides so thought this was a fair settlement. It asked for the complaint to be reviewed by an ombudsman.

## **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.

## Valuation

When considering whether a valuation is fair and reasonable, we consider prices provided by trade guides. This service considers these to generally be the most reliable for calculations as they are based on the amount vehicles have been sold for and take into account the specific car make and model, mileage and age. As well as the condition of the car.

Here, Advantage provided valuations of £5,420 and £5,935 from two of the main guides. Our investigator provided the valuation of £6,555 from the third guide we use. So based on these alone, Advantage's revised offer of £5,935 doesn't seem unreasonable.

However I've also considered adverts provided by Mrs W and from doing my own research. In recent times the market for second-hand cars has grown significantly. And, where previously we would put little weight on advertised prices as cars would often sell at a price under what was advertised. More recently the advertised price has been a true reflection of the selling price due to the high demand.

Having considered a wide range of adverts of cars of a similar mileage and age, I'm persuaded that the lowest valuation from the trade guides is an outlier. This is because nearly all of the adverts display costs between the remaining two trade guides – some even higher than these. So when considering all the evidence together, I'm persuaded that a fair market value of the vehicle is between £5,935 and £6,555.

Therefore I agree with our investigator that Advantage hasn't based its settlement on a fair valuation of Mrs W's car and it should increase its valuation to £6,245, as this is an average of the two remaining trade guides when the lowest is removed.

## Courtesy car

While Mrs W's policy does include cover for a replacement car while hers is being repaired, it states in the terms:

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

As Mrs W's car was declared a total loss, Advantage weren't obliged to provide a courtesy car under the policy. So I don't think it's treated her unfairly by not offering this.

## Delays

Advantage has accepted it took longer than it should have to agree a claim settlement. And I agree it caused some avoidable delays, particularly as it only revised its valuation once Mrs W had made a complaint. However it's offered £200 compensation to make up for this poor service. And I think this is fair in the circumstances, and in line with what I would have directed if it had not made an offer. I therefore won't ask it to do anything more in this regard.

## My final decision

For the reasons I've given, I uphold Mrs W's complaint. I require Advantage Insurance Company Limited to settle her claim based on a valuation of £6,245.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 21 June 2022.

Sophie Goodyear  
**Ombudsman**