

The complaint

Miss S complains about the valuation Advantage Insurance Company Limited offered for her car after she made a claim on her motor insurance policy. She wants it to pay her what she paid for her car.

What happened

Miss S's car was involved in an incident and deemed a total loss just four hours after she had bought it. Advantage offered her £15,210 in settlement of her claim. But Miss S thought it should pay her what she had bought the car for, £15,899, and reimburse her £200 for transport costs for a replacement car.

Our Investigator recommended that the complaint should be upheld. He thought Advantage should increase its offer to £15,899, less any deductions, and pay Miss S the difference between this and its initial payment, with interest. But he thought it wasn't responsible for Miss S's transport costs.

Advantage didn't respond to the Investigator's view, so the complaint has come to me for a final 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.

The Investigator has explained this service's approach to car valuations. We don't provide valuations for cars but look to see whether the insurer's offer is reasonable.

In assessing whether a reasonable offer has been made, we obtain valuations from motor-trade guides. These are used for valuing second-hand vehicles. We find these guides to be particularly persuasive, largely because their valuations are based on nationwide research and likely sales figures. The guides also take into account regional variations. We also take all other available evidence into account, for example, engineer's reports.

Advantage said its offer to Miss S was the highest valuation provided by two trade guides we use. But our Investigator checked the trade guides and found that Advantage's offer was the lowest in them. I can see that he checked the guides for cars of the same make, model, age, mileage and condition as Miss S's car at the date of its loss.

The valuations he found ranged between £15,210 and £16,823. There was a spread in the valuations, but not significant enough to discount the outliers. The average of these valuations was £15,943, and the median was £15,795.

So I'm satisfied that Advantage's valuation wasn't fair or reasonable. I agree that a fairer and more reasonable valuation of Miss S's car would be what she paid for it just four hours before its loss, £15,899. And so I think Advantage should pay Miss S a further £689.

Miss S has been without her money for some time, and so I think Advantage should reasonably add interest to this further payment.

Miss S said she had to pay £200 to have her replacement car delivered to her. But I can't reasonably ask Advantage to reimburse this amount as it was outside its control and it was Miss S's decision to make this arrangement.

Putting things right

I require Advantage Insurance Company Limited to pay Miss S £689 more in settlement of her claim, adding interest to this amount at the rate of 8% simple per annum from the date of the incident to the date of payment.

HM Revenue & Customs requires Advantage to take off tax from this interest. Advantage must give Miss S a certificate showing how much tax it's taken off if she asks for one.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Advantage Insurance Company Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 6 July 2022.

Phillip Berechree
Ombudsman