

The complaint

Miss T has complained about Advantage Insurance Company Limited regarding repair of her car which it undertook after she was involved in an accident.

What happened

Miss T had an accident in early October 2021. Advantage arranged to collect her car from the road – but there were delays and Miss T felt she'd been lied to by Advantage's representatives. The car wasn't repaired properly, Advantage insisted on inspecting it and further problems arose getting it to another garage for more work to be done. Miss T's car was then returned to her in May 2022, but she felt there were still faults with it. Advantage agreed to view the car as a total loss and settle with Miss T for its market value. Miss T was happy with that, but not the value Advantage said it would pay. So Miss T complained.

During the course of Advantage trying to repair Miss T's car it offered her £750 compensation for the upset it accepted it had caused her. It also paid for fuel she had to purchase for the courtesy cars it had provided because Miss T's car is electric and, by virtue of an arrangement she has, it costs her nothing to charge it. Advantage also paid Miss T £461 to allow her to get her car serviced – this was before the total loss agreement was reached. In respect of the total loss value – Advantage's final offer to Miss T was £17,572. But Miss T said that still wasn't enough – she owned her battery, rather than leasing it and couldn't find a similar, replacement car for less than £18,500. She also felt Advantage should pay her at least a further £500 compensation.

Our Investigator checked the trade guides for values for Miss T's car and made enquiries with them about whether the values they generated were for battery leased or battery owned cars. Only one guide responded, the value it gave for Miss T's car was £18,129. Our Investigator felt a fair settlement for Miss T would be for that value to be used to settle matters. Meaning Advantage 'owed' Miss T a further £557. He felt it should also pay a further £100 compensation. But he noted Miss T had received £461 from Advantage to service her car which she hadn't used for that purpose due to the total loss agreement. He felt it was reasonable to off-set that sum against the total he felt Advantage 'owed' Miss T (£657), meaning it should now pay her £196.

Advantage felt that it was unfair that we would uphold a complaint for such a small value. It also felt it was unfair to have discounted the value it had found of £17,572. It said if an amendment were made to its settlement, surely that should be the average of its value and the one our Investigator had found.

Miss T said the £461 was given to her as a goodwill gesture, not as compensation. So if we deduct that sum then we are, effectively, reducing the compensation Advantage has paid. She didn't think that was fair.

The complaint was passed for an Ombudsman's consideration.

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.

Miss T clearly had a difficult time following the accident in October. My background above is a very brief overview of what occurred, but I have read and understood everything that happened. I think it's very clear that many aspects of her repair claim were not handled well by Advantage and it caused her a lot of distress and inconvenience over many months. So what started as a relatively simple repair in October 2021, and which should have resolved with Miss T's repaired car being back with her in November 2021 at the latest, rumbled on with upset and inconvenience throughout until a negotiated agreement was reached in May 2021 to view the car as a total loss. I think a total of £850 compensation is fairly and reasonably due to Miss T to make up for the upset and inconvenience she was caused.

I know Miss T would like compensation in the region of £1,250. But, in my view, an award at that level would be unfair and unreasonable. If Miss T's upset had continued over a longer period, then I might have felt an award like that was warranted. But given what Miss T has been through and the period she suffered over, I'm satisfied that a total of £850 is fair and reasonable compensation.

Turning to the settlement Advantage offered for Miss T's car – I do think that needs increasing. This service will often use trade guides to determine what a fair and reasonable valuation is for a complainant's car. And often we will use an average of the given values to compare to any sum offered by the insurer. But we won't always find it fair for an average to be used, and we will sometimes take into account the price of cars advertised for sale. Although we won't usually rely solely on advertised prices.

Here one guide Advantage used was giving a value of £17,572. An average of that and the one returned by our Investigator would be £17,850.50. Miss T showed us sale prices for cars comparable to hers ranging from £18,295 – £18,950, so an average of £18,622.50. It isn't unusual for cars to sell at a little less than their advertised price, but in the current market I'm not satisfied Miss T could most likely replace her car for around £750 less than the average advertised price. So using the average of the two trade guide prices doesn't seem fair. But because the advertised price often isn't the value cars actually sell for, I equally can't say it would be fair to make Advantage pay the average sum of the sale prices. I think the fact that the price our Investigator returned is near the middle of those two averages indicates that it is most likely a fair and reasonable market value for Miss T's car. So I think that £18,129 is the sum Advantage should pay Miss T for her car. That is an increase of its settlement of £557.

So it is my view that Advantage should pay more compensation as well as an increased settlement sum. The total of those two additional amounts is £657 (£100 further compensation and £557 more in settlement of the car). And Advantage has said it has paid Miss T a sum of £461 previously. I understand that sum was paid as a goodwill gesture, so not compensation. But that it was paid specifically to allow Miss T to service her car. In the end Miss T did not service her car – the complaint moved on to Advantage settling for her car as a total loss. But Miss T did not return the £461 to Advantage. So she has the benefit of £461 of Advantage's money which was paid to her for a specific purpose that it now can't be used for (as Miss T no longer has her car). It isn't fair for Miss T to benefit from this situation in that way. It's reasonable, in my view, for me to take that sum of £461 into account when I say what Advantage now fairly has to pay to settle Miss T's complaint.

I could say that Miss T must return the £461 to Advantage – seeing as the complaint moved on and Advantage looked to settle the matter in another way, that would put both parties back to where they should be. But, because the situation has moved on, I am now giving a

final decision on it and setting out what the final redress is. And that involves a finding that Advantage 'owes' Miss T further settlements; for her car's value and compensation, totalling £657. That is more than the £461 of Advantage's money which Miss T already has 'in her pocket'. So it makes sense to me to say the final sum for Advantage to pay Miss T to settle this matter is £196 – being £657 less the £461 which Miss T already has.

Putting things right

I require Advantage to pay Miss T £196 – this being the total I am satisfied it must now pay her, having found an increase to its compensation and total loss settlements was due (totalling £657), but bearing in mind some funds (£461) are already with Miss T.

My final decision

I uphold this complaint. I require Advantage Insurance Company Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 3 November 2022.

Fiona Robinson
Ombudsman