

The complaint

Miss D complained about Advantage Insurance Company Limited's handling of her motor insurance policy claim.

What happened

Miss D's car was damaged in an accident which wasn't her fault, and Advantage decided that it was uneconomical to repair. They paid her £3,470 for its market value, less a £50 deduction for its pre-accident condition. They also reimbursed her for a child car seat.

Miss D thought that her car was worth more than that. She said she couldn't buy a like for like replacement for that. She was also unhappy with Advantage's customer service. Advantage agreed to compensate her £50 for that.

The investigator thought that Miss D's complaint should be partly upheld. She thought that Advantage's valuation was fair as it was in line with motor trade guides, but that Advantage should compensate Miss D an additional £100 for their delay in valuing her car. Advantage agreed to this, but Miss D didn't and so I've been asked 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.

Car's value

The investigator explained to Miss D our approach regarding complaints about car valuations. We don't decide what the market value of a car is; we merely consider whether the insurer has reached a fair and reasonable amount having regard to the valuations in the trade guides, as well as any other evidence the parties may provide. We find these guides to be particularly persuasive, largely because their valuations are based on nationwide research and likely sales figures. That other evidence might include advertisements detailing the sale prices of similar cars, but we bear in mind that cars usually sell for less than the advertised price, so we think that an insurer isn't bound by any advertised prices.

I've looked at Miss D's policy and it says that the most Advantage will pay is the market value of the car. They define this as the cost of replacing the car with one of the same make, model, age and condition at the time of the accident or loss. The policy allows them to use the trade guides to assess the market value, making any necessary allowances for the car's mileage and condition. This is in line with our established guidance.

Advantage deducted £50 from the £3,470 market value they offered her because the car's seats were soiled. They did so after inspection and photographic evidence which supports that, so I don't think it was unreasonable. We think it fair for insurers to make deductions for a car's pre-accident condition, as this can affect what they can obtain for the car's salvage.

I've looked at how Advantage valued Miss D's car. They've showed us that they'd valued it at the date of loss under two guides, which gave valuations of £3,470 and £3,069. So the £3,470 they offered her was the higher of the two. As Advantage followed our established guidance for assessing a car's market value via the trade guides valuations taking into account her car's model, its below average mileage and its features, I think that was fair.

The investigator did her own check on the trade guide valuations taking into account those same features and mileage at the date of the incident. She obtained valuations of £3,470, £3,225 and £3,175. As Advantage's settlement figure is the highest of those, I think that confirms that their valuation amount was fair and was correctly made according to our approach.

Miss D provided adverts of similar cars to hers, but which she says lack the features her has. They don't support the level of valuation she is looking for. And, in any event, as I've said above, I'm satisfied that Advantage's valuation has taken into account her car's model, its features and its below average mileage, and adverts don't always reflect the true market value of a car.

Miss D also provided an email from her garage specialising in sales of her car's make, saying that her car's value had increased and the guides were out of date, and an article saying that prices of second hand cars had increased greatly in the last few years. As the investigator explained, we are aware of the demand for used cars and the impact on sales and I've considered what her garage have said, but I'm not persuaded by it. The policy requires Advantage to value Miss D's car at the date of the loss and the guides are updated monthly and so are based on monthly sales data. And so I'm more persuaded by the values given in the motor trade guides. I think that Advantage's offer represents a fair market value of the car and so I don't require them to pay any more for it.

Too long to deal with claim

Miss D said that Advantage took too long to deal with her claim. After her accident Miss D had at first reported her claim to a company which was impersonating Advantage. So she incurred recovery and storage and hire costs with that company. When she reported the claim to Advantage, well after the incident date, that company were resistant to transferring the matter to Advantage until Advantage paid them their outlays.

Miss D thinks that Advantage should have acted more quickly to transfer her claim and her car to them. But I don't think it would be fair to expect Advantage to have done that. Whatever the reason for Miss D contacting the other company first, it wasn't Advantage's fault. Nor was it their fault that the other company incurred their costs on her behalf. The policy required Miss D to report it to Advantage immediately after the incident. If she'd done that, Advantage would have had control of the matter from the start. So they would have had the chance to minimise what recovery, storage car hire or other costs, if any, they incurred. But Advantage agreed to her transferring the claim to them and paying the other company's costs in order to help her.

However I do think that once the claim was under Advantage's control they could have had her car valued more quickly. I think that delay caused her avoidable inconvenience.

Putting things right

So I think that Advantage should pay Miss D £100 to reflect that delay in progressing the claim, and the inconvenience of that. This is on top of the £50 compensation Advantage offered her for the service provided by their engineer and I which I think is fair.

My final decision

For the reasons I've given above I partially uphold this complaint and I require Advantage Insurance Company Limited to pay Miss D an additional £100 in compensation for her distress and inconvenience.

Advantage must pay the compensation within 28 days of the date on which we tell them Miss D accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 15 November 2022.



Rosslyn Scott
Ombudsman