

The complaint

Mr O complained about how Advantage Insurance Company Limited (trading as Hastings Direct) handed his claim under his motor insurance policy.

What happened

Mr O's car was damaged in an accident and Hastings decided it was uneconomical to repair. They offered him £4,380 for his car's pre-accident value (market value) and paid him that. Mr O didn't think that was enough. He was also unhappy with Hastings's service and that they didn't give him a courtesy car for long enough.

Hastings partly upheld his complaint and offered him £40 in compensation for their service issues. But they felt they'd been reasonable about the car hire period. They also wouldn't change their market value settlement. They said they'd followed this Service's guidelines in reaching it.

The investigator thought Mr O's complaint should be partly upheld. She thought that Hastings's compensation for service issues was fair, and that their market value offer for his car was reasonable. But she thought that they should have paid it to him earlier and so they should pay Mr O interest on it. Mr O didn't agree and so I've been asked to decide.

Mr O was also unhappy that Hastings cancelled his policy, but I don't deal with that here. As the investigator has explained, before this Service can deal with it Mr O must first give Hastings the chance to deal with that matter.

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.

I have not however looked at the information Mr O sent which he says is from one of Hastings staff member's personal social media account. Mr O says this shows Hastings's staff's poor service attitude towards customers. The item Mr O has sent is not in a format this Service can access. But in any event, I do not consider it relevant to the issues that Mr O has complained about. And as the investigator explained, we don't supervise, regulate, or discipline businesses or their staff. Instead we look at the effect the business' behaviour may have had on a consumer in the individual case, and whether they acted fairly and reasonably.

Hastings's Service

Hastings accepted that Mr O had experienced difficulty in trying to contact them and that their service should have been better. They apologised for their long call waiting times and webchat not being available. They said they would take his feedback on board and offered him £40.00 compensation for the inconvenience and distress. I do see that it must have been frustrating for Mr O to be kept on hold for so long. But there always will be some

inconvenience in making an insurance claim. I think that Hastings's compensation offer does fairly compensate him for these service issues and so I don't require them to pay any more for that.

Hire Car

Mr O said that Hastings took his hire car back on too short notice and this caused him inconvenience. He said he had to rush to collect a new car which meant driving further than he would have liked, and this caused him pain and discomfort. I can see that this must have been inconvenient and stressful for Mr O, who's told us that he is on disability benefits due to his health conditions.

But Mr O's policy didn't require Hastings to give him a courtesy car once they declared his car to be uneconomical to repair and offered him its market value. That's in line with normal insurance practice. Despite that, Hastings did give Mr O about six more days' car hire than they had to, and so I don't think they acted unfairly.

Car's value

The investigator explained to Mr O 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 Mr O's policy and it says that if his car is damaged Hastings will pay its market value immediately before the loss. Market value is explained on page 14 of the policy as meaning:

"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."

I see that in assessing Mr O's car's market value, Hastings used the valuations from two trade guides, both of which gave its value as £4,380. So Hastings offered him that minus the excess. They also showed us their engineer's inspection report, which showed what information about his car they took into account. So Hastings had valued Mr O's car in accordance with our guidance, taking into account its make, model, age, mileage, and condition on the date of the incident.

The investigator also looked at a third guide which gave his car's valuation as £4,791, but decided that Hastings's valuation offer was still fair as it was within a reasonable range of all the relevant trade guide prices. That's in accordance with our guidance and I agree with that.

Mr O didn't think he could buy a similar car with what Hastings had offered him. He sent Hastings examples of adverts for cars similar to his, but which had higher values. He said that neither Hastings nor the investigator had shown him examples supporting Hastings's valuation, and that second-hand cars had gone up in value greatly due to supply and demand issues.

But we don't expect an insurer to come up with examples of car adverts which justify the settlement they have reached in accordance with their trade guide analysis. And it's not our role to do that either.

Mr O also obtained a vehicle valuation document from Hastings's files via a data subject access request. He said the document supported his claim that his car was worth £8,000. I've looked at that document. In a section called "Expected PAV" it does mention £8,000. PAV means pre-accident value.

But I don't think Hastings meant that was what Mr O's car was worth. It's clear from a letter from Hastings to Mr O, that Mr O had already told them he expected a valuation of £8,000 for his car. So I think it likely that's why Hastings included that amount there. It was what Mr O expected as his car's pre accident value. It wasn't what Hastings thought that value was. So I don't think it supports Mr O's view about what his car is worth.

And as I explained above, the guides Hastings used are independent industry trade guides and we consider it reasonable for insurers to use them. We still think that advertised prices allow for subjective profit and room for negotiation, and don't determine what a car actually sold for. We think that the guides have factored in market-related increases in second-hand car sales in the last few years. Taking all of the above into account, I haven't seen any persuasive evidence to override the trade guide valuation assessment that Hastings did. I'm satisfied that they used a fair and established process to assess Mr O's car's market value and the amount they offered him was fair.

I do agree with the investigator that Hastings could have paid him it earlier than they did. It meant that Mr O lost the use of that money over a period. So I think that Hastings should pay Mr O 8% simple interest on his settlement payment from 17 December 2021 (the date from which they should have reasonably made the claim payment to him) until the date in February 2022 that they did issue payment to him.

My final decision

For the reasons I've given above, I partly uphold this complaint.

I require Advantage Insurance Company Limited (trading as Hastings Direct) to pay Mr O 8% simple interest on his car's settlement payment from 17 December 2021 until the date in February 2022 that they did issue payment to him.

If Hastings consider that they are required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr O how much they've taken off. They should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 17 February 2023.



Rosslyn Scott
Ombudsman