

## **The complaint**

Mr and Mrs G complain that Advantage Insurance Company Limited (Advantage) sold the salvage of their car, despite being told not to, following an accident and claim under their motor insurance policy. They also complain about the settlement value offered.

I will refer to Mr G in my decision for ease.

## **What happened**

In November 2021 Mr G's car was involved in an accident and he made a claim to Advantage. The car was eventually considered beyond economical repair and recorded as a category S write-off. Mr G told Advantage he wanted to retain the salvage so he could arrange for the car to be repaired himself.

Advantage accepts Mr G gave instructions for the car to be returned to him. It was agreed he would be paid the settlement figure minus the value of the salvage. However, it failed to inform its salvage agent and the car was sold. Advantage says it cannot now return the car to Mr G. Because of its mistake it offered £250 compensation. It offered a further £100 compensation for delays in the handling of his claim.

Mr G didn't think this was fair. He says the car has sentimental value and he wants it returned to him. Mr G decided to refer his complaint to our service. Our investigator upheld his complaint. She says that although Mr G had retained the V5 Logbook, Advantage had confirmed the salvage had been sold and therefore there was no way to return it. She thought the business should pay a total of £500 for the lost salvage, and a total of £200 for the delayed claim handling.

Advantage disagreed. It pointed out it had paid £75 in November 2021 for delays in the handling of the claim. It says it was initially intended to repair the car but there were delays in sourcing parts. It says these delays meant the decision to declare the car a write-off couldn't have been made sooner.

Our Investigator decided to amend her decision to reflect the £75 payment already provided and having accepted the reasons for the delayed claim handling. She thought a total payment of £175 was fair for these delays, along with a total payment of £500 for the salvage error.

Mr G didn't think this was a fair outcome and asked for an ombudsman to consider his complaint.

It has been passed to me 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.

Having done so I have decided to uphold Mr G's complaint. I'm not persuaded to increase

the compensation award recommended by our investigator, which I understand will be a disappointment to him. But I will explain why I think my decision is fair.

I can see that Mr G reported the accident at the beginning of November 2021. Advantage acknowledged there was a delay in establishing whether the car could be repaired. It wrote to Mr G at the end of November apologising for the lack of update regarding a hire vehicle. It also acknowledged there was a week's delay due to an error when the claim was set up. Advantage paid £75 compensation in response to these issues.

I've have read the engineer's report provided by Advantage. This is dated towards the end of January 2022. It identifies damage to the rear of Mr G's car and calculated that the repairs would cost £3,903.13, which is just over 65% of the market value it had calculated for the car. Because of this it decided the car was beyond economical repair and recorded it as a category S write-off.

I've read Mr G's policy terms to understand what's expected in this situation. The terms on page 20 say:

*"If your Car can't be repaired or your Insurer deems the cost of repair to be uneconomical, your Car will be declared a Total Loss (sometimes called a "write-off")."*

*...If your Car is a Total Loss, your Insurer may put it in storage until your claim is settled. Your Insurer is also entitled to take possession of your Car once they've settled your Total Loss claim."*

This shows Advantage acted according to its policy terms when deciding Mr G's car was beyond economical repair. I think this decision is reasonably supported by its engineer's report. I can't see that the terms mention what happens if a customer asks to retain the salvage. However, our service considers it reasonable for an insurer to comply with a customer's wishes – if they decide to retain the salvage.

There is a value attached to the salvage. In the event of a total loss I can see that Advantage is required to pay up to the market value of Mr G's car. But it's reasonable that it deducts the value of the salvage if it isn't able to retain it.

I've thought about Mr G's dissatisfaction with the settlement payment he was offered based on the estimated market value of his car. The policy terms define market value as:

*"...the market value in the UK, as reasonably determined by the RAC in accordance with published industry data (using Glass's Guide or other appropriate trade vehicle valuation guide(s)), of a vehicle based upon a vehicle of the equivalent age, make, recorded mileage and model as your Vehicle."*

Advantage valued Mr G's car at £5,963 on the date the accident occurred. As he had chosen to retain the salvage the settlement payment was reduced to £4,024.47 to account for the value associated with this.

Our 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 the 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 consider regional variations. We also take all other available evidence into account, for example, engineer's reports.

I've looked at the valuations our investigator obtained. I can see that she used the correct mileage, make and model for Mr G's car, and obtained the valuations from the date the loss occurred. The valuations obtained were £4,000, £6,650, and £8,189. This gives an average value of about £6,280. I'm satisfied that Advantage's valuation falls within this range of values and is only slightly less than the average of the guide values we obtained. Based on this I don't think Advantage behaved unfairly when calculating the market value of Mr G's car.

I can see from the records that Mr G made it clear he wanted to retain the salvage of his car. This is documented in the emails Advantage received. It doesn't dispute this point and says it failed to advise its salvage agent about this. This is why the salvage was sold on.

What remains then is for me to consider the impact this had on Mr G and whether Advantage has done enough to put this right for him.

I don't think it has. Advantage shouldn't have allowed its agent to dispose of the car. At the least, this has caused inconvenience for Mr G when buying a replacement. He also describes how the car had sentimental value, and that his intention was to have it repaired and put back on the road. There was nothing preventing Mr G from doing this. The car was a category S write off, which means it can be returned to the road if properly repaired. Because of the upset and inconvenience Advantage caused him I agree with our investigator that a total compensation payment for £500 is fair in relation to the salvage issue.

I also think it's reasonable that Advantage compensates Mr G for issues highlighted with its claim handling. But I think its offer of £175, in total, is fair so I won't ask it to pay anymore.

### **My final decision**

My final decision is that I uphold this complaint. Advantage should now:

- pay an additional £250 compensation for failing to return the salvage to Mr G and for the inconvenience and upset this caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 2 December 2022.

Mike Waldron  
**Ombudsman**