

The complaint

Miss S is unhappy with how Advantage Insurance Company Limited (Advantage) handled a claim under her motor insurance policy.

Miss S has been dealing with Hastings Direct throughout her claim. They are the insurance broker but Advantage is the insurance underwriter and responsible for her claim. So, I'll refer to Advantage throughout my decision.

What happened

Miss S was involved in a car accident in November 2021. She contacted Advantage and made a claim under her motor insurance policy. Advantage decided it wasn't economical to repair Miss S's car and wrote it off. It valued the car at £1,584. It deducted about £380 from that amount to take account of the excess of £250 and the remaining instalments on her policy premium it was due to take by direct debit.

Miss S complained. She wasn't happy with the valuation as she believed the car was worth more. She wasn't happy that Advantage had cancelled her policy and deducted amounts for the excess and for the outstanding instalments. And she said Advantage had failed to respond to her queries about keeping the car. Miss S was also unhappy with the service Advantage had provided, particularly the amount of time it had taken to get through on the phone only to then be disconnected.

Advantage thought its valuation was fair and explained why it had offered that amount. It said it had made the deductions from that figure in line with the terms and conditions of Miss S's policy. And it hadn't found any evidence of calls being disconnected deliberately. But it accepted it hadn't responded to her request to keep the car. And it shouldn't therefore have cancelled her policy. It apologised for the service it had provided and paid her £100 for any inconvenience or distress caused. It also said Miss S would need to pay a retention fee if she wanted to keep the car. Miss S wasn't happy with this response and so brought her complaint to this service.

Our investigator thought Advantage had offered a fair amount for Miss S's car. She said she'd compared three different motor valuation guides and Advantage had offered Miss S the highest amount of the three, which she thought was reasonable. She said Miss S's policy explained why she would need to pay the excess even if the damage wasn't her fault, plus any outstanding instalments. Advantage told this service it had some issues with its telephone lines at the time Miss S had tried to contact it and it apologised for the difficulties she had faced. Our investigator thought the £100 Advantage had paid Miss S for the cancellation of her policy and delay in providing a retention figure was a fair resolution to those issues.

As Miss S remains unhappy, her complaint has been passed to me to make 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.

I note that Miss S's claim has continued beyond the final response to her complaint Advantage gave her in March 2022, and she's remained unhappy with how it's handled matters. To be clear, in this decision, I will only be looking at issues up until this final response and won't comment on what's happened after this date. Miss S should make a separate complaint if she's not happy with the more recent handling of her claim.

Valuation

Miss S has questioned the use of motor guides to value her car. She doesn't feel as though the settlement is fair as it doesn't reflect the current market. She thinks £2,000 would be more appropriate. I should explain that it's not my role to value Miss S's car. This service's approach is to assess whether the insurer's offer is reasonable. And to do that we use relevant trade guides, as well as considering other information such as adverts. But we tend to find the guides most persuasive as they're based on research across the country and work out the likely retail selling price rather than advertised asking prices.

Advantage valued Miss S's car at £1,584. Our investigator thought that valuation was fair and reasonable and so do I. Let me explain why. The terms and conditions of Miss S's insurance policy with Advantage say that it will refer to motor trade guides when determining the market value and it'll consider the amount the policy holder would have got for the car if it was sold immediately before the accident. For a vehicle like Miss S's in November 2021, Advantage said the trade guides contained the following figures:

- Glass - £1,500
- CAP - £1,584

The average of those two figures is £1,542. Advantage also provided evidence of a newer car, with less mileage, being advertised for less than the amount it offered.

Our investigator did her own assessment using the same two guides used by Advantage and one different one, Cazoo. Cazoo gave a valuation of £1,387. Advantage decided to offer Miss S the higher amount of the two valuations it did. As Cazoo provided a valuation lower than the two other guides, I'm satisfied the offer of £1,584 was reasonable in the circumstances as it was the highest of the three valuations.

Miss S doesn't feel as though the valuation reflects the current market and I recognise the second hand market has picked up considerably since the accident, meaning vehicles are priced higher than they once were. While I sympathise with Miss S's situation, Advantage acted in line with its policy when it considered the value of the car at the time of the accident rather than now. So, I can't say it acted unfairly.

Deductions

Miss S wanted Advantage to return the excess of £250 that was deducted from her settlement. But I don't think that would be reasonable. Miss S's insurance policy with Advantage sets out what happens in the event of a claim. In terms of paying an excess, it says the excess is the part of the claim the policy holder must pay, even if the damage or loss isn't their fault. So, I think it's reasonable for Advantage to ask Miss S to pay the excess of £250 she'd agreed to pay in the event of a claim.

Miss S's policy also explains what happens if her car can't be repaired and the policy premium is being paid by instalments under a loan arrangement. It says that once the insurer settles a claim for total loss, it'll take the outstanding amount due out of the

settlement. This is standard industry practice. If a claim is made, the premium isn't refundable even if the car is written off during the policy year. If the policy holder was paying the yearly premium by monthly instalments, they must still pay the outstanding instalments after the car is written off. And so, in light of the above, I think it was reasonable for Advantage to ask Miss S to pay the outstanding instalments on her policy after it settled the claim.

Retention of the car and cancellation of her policy

Miss S was unhappy that Advantage didn't respond to her enquiries about keeping her car. I can see that Miss S said she was interested in keeping the car when she contacted Advantage in December 2021. She then asked for a retention figure on several occasions in January 2022. Advantage accepted it failed to respond to her requests and it's apologised for the poor service she received.

Advantage also apologised for cancelling Miss S's policy in January 2022. It said it would usually only keep the policy open for 30 days after a settlement had been made. But it accepted it shouldn't have cancelled Miss S's policy once she said she wanted to keep the car.

I can understand Miss S's frustration when Advantage cancelled her policy and failed to respond to her questions about a retention fee. Advantage paid Miss S £100 to apologise for these two oversights. At the same time, it explained what she would need to do to retain the car. And it reinstated her policy. I think that was a reasonable response in the circumstances and I think the payment of £100 was a fair way of putting things right. So, I don't think it needs to do anything more.

Telephone calls

Miss S was also unhappy that calls she made to Advantage were disconnected. She said it cut the calls numerous times and quite often after she'd been on the phone for up to an hour. Advantage said it couldn't find any evidence of calls being cut off deliberately. It also told this service that a few of the calls she made on one particular day in early March 2022 had disconnected when she was put on hold. Advantage said this was due to line issues it was experiencing on that day.

I've listened to the calls Miss S made to Advantage, several of which disconnected after she'd spoken to a call handler and was put on hold. I note that when Miss S raised that with another call handler they suggested there might be technical issues affecting the lines. Miss S might think the calls were disconnected deliberately but I haven't seen any evidence of that and, based on what I have seen and heard, I think it's more likely the calls disconnected due to technical problems. Advantage has apologised for the inconvenience caused and, on balance, I think that's a fair way of resolving this issue.

Summary

So, taking all of this together, I think it was right that Advantage compensate Miss S for the poor service I've set out above. But I think the £100 it paid was fair and reasonable in the circumstances.

I recognise Miss S's strength of feeling but, in light of the above, I don't think I can fairly or reasonably ask Advantage to do anything differently.

My final decision

Advantage Insurance Company Limited has paid Miss S £100 to settle the complaint and I think that amount is fair in all the circumstances. I don't think it needs to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 7 December 2022.

Richard Walker
Ombudsman