

The complaint

Mr W complains that Advantage Insurance Company Limited (Advantage) handled a breakdown as a car accident in error, and also caused damage to his car, under his motor insurance policy.

What happened

In January 2022 Mr W says his car broke down due to an oil leak. He called Advantage to arrange the recovery of his vehicle under the breakdown cover provided with this motor insurance policy. Mr W says it processed his request as an accident claim. After several days it recovered his car, treating it as a write-off.

Mr W says the car's gear box was damaged whilst it was with Advantage, amongst some other damage – this meant it was considered beyond economical repair. He says prior to the damage Advantage caused his car was repairable.

In its first response to Mr W's complaint in March 2022, Advantage says it was at fault for registering an accident claim. It says it has since delivered his car to his chosen garage without cost to him and removed the claim from its records. It apologised and offered £100 compensation for the poor service. Mr W wasn't satisfied and continued with his complaint. Advantage investigated the matter further and sent another response in May.

Advantage told Mr W that it accepted damage had been caused to his car when it was moved using a forklift. It says a new engine was required to fix the vehicle, which would mean it wasn't economically viable to repair. It calculated the cost of repairs it was responsible for at £258.60, which it offered in addition to its previous offer of £100 compensation. Mr W didn't think this was fair and referred his complaint to our service.

Our investigator upheld his complaint. He says the report from Mr W's garage shows his car was viable to be repaired before damage was caused to the underside and gearbox by Advantage. He recommended that Advantage pay Mr W £1,470, which is what he calculated the market value of the car to be at the time of the breakdown. In addition, he thought a total of £200 compensation was fair.

Advantage disagreed with this outcome. It says its only responsible for the damage it caused when it had possession of the car. Our investigator didn't change his mind, so Advantage asked for an ombudsman to consider the complaint.

It has been passed to me to decide.

I issued a provisional decision in October 2022 explaining that I was intending to uphold Mr W's complaint in part. Here's what I said:

provisional findings

I've considered all the available evidence and arguments to decide what's fair and

reasonable in the circumstances of this complaint.

Advantage accepts that having listened to the call Mr W first made following this incident – that it should've been handled as a breakdown not an accident claim. As there is no dispute about this, I needn't consider this point further.

I can see from the emailed letter Advantage sent Mr W in January 2022, shortly after he reported the incident, that it considered the vehicle was uneconomical to repair. It says its understanding was based on Mr W's descriptions of the incident. It was whilst the car was being held at a storage compound on Advantage's instructions that damage was caused.

The car was eventually delivered to a garage appointed by Mr W. I've read the email from owner of this garage dated in March 2022. It says that the car was inspected following arrival at the garage in the week commencing 7 February. From discussion with the delivery driver it was understood the car had been dragged via winch onto the transporter as it was stuck in park. Work was undertaken to allow manual access to the gear box so the car could be put in neutral.

The email says Mr W's car was put on a lift and assessed. It was found that there was an oil leak from a pipe leading to the oil cooler. The garage say it looked into the gear selection problem and found damage had been caused to the underside of the car, likely by a forklift. It says the vehicle would have been viable for repair with its current oil leak, but with the damaged underside and gearbox, the car was, in its opinion, beyond economical repair. The garage confirms storage charges and a diagnostic charge were incurred for £462.50 plus VAT.

Advantage subsequently arranged for an engineer to inspect Mr W's car. I've read the report from the inspection, which was carried out on 30 March 2022. It confirms the purpose of the inspection is to examine the damage sustained whilst the car was with Advantage's salvage agent.

The engineer reported minor damage to the floor panel, which he says is consistent with the vehicle having been lifted on a forklift. He refers to Mr W's garage's concerns that the vehicle had been dragged whilst in park, and this may have damaged the gearbox. The engineer says it wasn't possible to release the gearbox from park as this required the engine to be started. This wasn't possible because of the mechanical failure of the engine. He also says he didn't have the tools needed to manually release the vehicle from park.

The engineer estimated the cost of repairs for the damage caused by Advantage to be £258.60.

I've thought about Mr W's comments that the car was economically viable to repair prior to the damage Advantage caused.

I think it's clear that Advantage is responsible for the underfloor damage sustained whilst the car was being stored with its salvage agent. In these circumstances we'd expect the business to put Mr W back in the position he was in, prior to this damage occurring. This means it should pay the cost of the repairs for the damage it caused to the underside of the car.

I note Mr W's comments that the car was economically viable to repair before the damage Advantage caused and that now it isn't viable to repair. But I don't think this is relevant here.

It's up to Mr W to decide if he wants to repair his car. If Advantage pays for the damage it caused, what remains is the repair cost Mr W is responsible for. It's been established that Mr

W called Advantage for assistance under his breakdown cover. There was no accident. Advantage confirms there is no liability under Mr W's policy for the damage already present when it collected Mr W's car.

Having considered all this, I think it's fair that Advantage pays for the damage it caused. Based on its engineer's report the repairs caused to the underside of the car can be repaired for £258.60.

The work carried out by Mr W's garage was to release the gearbox from park and assess the damage. I think this was necessary in any event, to identify the repairs that were needed, including the oil leak. It was necessary to release the gearbox manually because the engine couldn't be started. Advantage didn't cause the engine failure. So, I don't think its responsible for these costs.

That said its clear Mr W has had a poor customer experience as a result of Advantage's error when handling his claim. This should've been handled as a recovery not an accident claim. Because of this it took around four weeks for the car to be recovered to the garage Mr W appointed. He says he spent countless hours on the phone trying to resolve the situation.

I can see from the claim records provided by Advantage that Mr W was told his car would be collected from his home address. However, his car was still at the location where it had broken down. The notes show the recovery agent couldn't find the car. Mr W had to provide the location of his car again before it was eventually collected three days after the breakdown. I can understand why Mr W was upset given the time this took and apparent breakdown in communication between Advantage and its recovery agent.

I can see Mr W made several more calls over the following days to understand where his car was. And to have it delivered to his chosen garage. He also comments that his insurance renewal premium had increased by £100.

Advantage says the claim has since been removed from its records, including from the Claims and Underwriting Exchange (CUE) database. I think this is fair. Mr W hasn't provided evidence of increased premium costs as a result of this inaccurate claim. If he has incurred further costs, he can contact Advantage for it to consider this further.

Based on what I have seen, it took around a month for Advantage to deliver Mr W's car to his appointed garage. During this time, he spent a significant amount of time in contact with the business. I don't think this was fair and caused him to worry. This all stemmed from Advantage's mistake. The car should've been delivered to the appointed garage far sooner, and it shouldn't have been damaged whilst in Advantage's care.

Mr W explains how he had to borrow vehicles in order to get to work. He has since borrowed money to buy a replacement car. This is in addition, to the distress and frustration caused when ensuring his car wasn't dealt with as write-off but delivered to his chosen garage for repairs. Had Advantage recovered Mr W's car to his chosen garage initially, it's probable he would've been able to arrange repairs, at his cost, at an early juncture and avoided the problems described. Because of the impact this had, I think Advantage should compensate Mr W with a total payment of £300 to acknowledge the upset and frustration it caused him. In summary, I don't think Advantage treated Mr W fairly in the handling of his breakdown claim. I don't think it's responsible for the pre-existing damage, but it should pay Mr W the cost of the repairs for the damage it caused. As well as £300 compensation for the distress, frustration and inconvenience it caused him.

I said I was intending to uphold this complaint in part and Advantage Insurance Company Limited should:

- pay £258.60 to cover the cost of repairs for the damage it caused; and
- pay £300 compensation to Mr W for the frustration, distress, and inconvenience he experienced.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Advantage responded to say the pre-accident value for Mr W's car was £1,470 and the cost of repairs he is responsible for equates to £5,272.51. It doesn't think it delayed Mr W arranging repairs to his vehicle as it was a clear total loss. Advantage says the evidence shows he would be in the same position of buying a replacement vehicle. It maintains that its previous offer was fair and reasonable.

Mr W responded to say that his car was repairable before Advantage took charge of it. He says he hasn't seen any documentation to support the businesses view that his car was uneconomical to repair. He says its widely known that the insurance industry readily writes-off vehicles. At the time of the breakdown Mr W says his car drove perfectly well into the lay-by where it was eventually recovered from. He says there was no mechanical damage at this time. And maintains any damage caused to the car occurred whilst it was with Advantage.

Mr W says he struggles to understand my findings. He says Advantage took a perfectly good car from him and returned it damaged beyond economical repair. He says the engine didn't fail, it was leaking oil and he pulled over with the car still running. He says the car ran superbly and never let him down. He describes the market value our investigator suggested as below what the car was worth.

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.

Advantage has provided a copy of an engineer's report dated in January 2022. This supports its comments that the repairs were expected to cost in excess of £5,000. The engineer comments that the car appears to have mechanical damage, that it won't start, and fresh oil has leaked around the engine components. Advantage highlights that the other garage was unable to accurately quote for a repair due to the gearbox issue. It says the garage could only account for the visual repairs and references its comments that there is, "*an oil leak from a pipe going to the oil cooler*".

Advantage says its engineer was able to consider the mechanical issues with the engine due to the oil leak. He concluded the vehicle was a total loss. It says this shows Mr W would've been in the same position of needing to buy a replacement car.

I've thought about Advantages comments and its engineer's report. I think its clear that the mechanical issues with Mr W's car meant it was beyond economical repair. I accept its comments that Mr W would therefore need to buy a replacement. However, I don't agree that its original offer to pay £100 compensation was fair.

The standard of service Advantage provided was very poor. This began with its error when handling Mr W's initial contact as an accident claim. It took several days for its operative to collect Mr W's car and it wasn't aware of the location of the breakdown, despite being informed. Advantage recorded a claim on the CUE database unfairly, causing further inconvenience. There were delays in it returning Mr W's car. The business also allowed damage to be caused to the vehicle whilst it was in its possession.

I don't think Mr W would've been in a position to repair his car, given the cost of the work was far in excess of its market value. But the matter was handled poorly and at the very least the confusion delayed Mr W looking for a replacement. Because of the inconvenience and frustration caused by the poor handling of his claim I'm not persuaded by Advantage's comments that its original offer of compensation is fair.

I acknowledge Mr W's comments that his car was repairable before Advantage took possession of it. But he hasn't shown this to be the case. The engineer reports I have seen don't support this point.

Advantage is responsible for the damage it caused. The engineer reports indicate this is limited to the damage to the underside of the car, with an associated repair cost of £258.60.

Mr W thinks Advantage caused the car to be considered beyond economical repair. But it can only be responsible for the damage it caused. This is a fraction of the car's market value. The car would be repairable if these were the only repairs needed. The bulk of the repair costs relate to mechanical issues identified with the engine. I don't think it's been shown that Advantage is responsible for this.

I'm sorry Mr W's car can't be repaired. I understand he has strong views that Advantage created this situation. But I don't think he's shown this to be the case. Because of this I'm not persuaded to change my decision.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that I uphold Mr W's complaint in part. Advantage Insurance Company Limited should:

- pay £258.60 to cover the cost of repairs for the damage it caused; and
- pay £300 compensation to Mr W for the frustration, distress, and inconvenience he experienced.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 5 December 2022.

Mike Waldron
Ombudsman