

## **The complaint**

Mr W and Mrs W complained about how Advantage Insurance Company Limited dealt with their accident claim under her motor insurance policy.

## **What happened**

In this case Mrs W is the policyholder and Mr W the named driver. But as it's Mr W who has mainly dealt with us about the complaint, for ease I'll mostly refer to just him in this decision rather than both of them.

Mr W's car was damaged in an accident and Advantage decided that it was uneconomical to repair. They offered him £4,620 as its market value, less his policy excess, but he thought it was worth more. He also wanted Advantage to give him back his damaged car, to organise its repair himself, but by mistake Advantage sold it as salvage without his consent. He complained about that and other aspects of Advantage's service. He wanted a higher market value for his car, or for Advantage to buy him an equivalent car.

Advantage maintained that their market value offer for his car was fair and reasonable and in accordance with the trade guides. They agreed that their service had been poor and offered him £120 in compensation for that, and a further £30 reimbursement of fuel used. They admitted they'd made a mistake in selling his car and Advantage offered him £350 in compensation for that. Mr W had some other issues with Advantage's service, relating to what they did with his car, and the salvage marker they gave it, but these are no longer relevant because Advantage mistakenly sold the car.

The investigator thought that Advantage's assessment of Mr W's car's value was fair and reasonable, and their compensation offered for their poor service was fair too. However he thought they should increase the compensation offer for sale of his car to £500. Advantage agreed to this. Mr W didn't agree 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.

### *Advantage's service*

Mr W felt that Advantage pressured him to accept their settlement offer for his car. And he said that he couldn't get through to Advantage, they didn't call back or reply to emails and they didn't keep him updated about what was happening with his car. Advantage accepted their service failings and offered him £120 in compensation for his distress and inconvenience and £30 for fuel used. I think this is fair compensation for this poor service.

### *Hire car*

Advantage gave him a hire car following the accident, which was in November. Some months later he heard from the hire car company that they were taking the car back and Advantage were no longer paying for it and Mr W would have to do so instead. But though it would have been better practice if Advantage had given him warning that they'd take it back, the policy does say that a courtesy car "*is not available if your car is stolen or is considered to be a total loss*". So once Advantage had made what they considered to be a valid settlement offer for the total loss, even if Mr W didn't agree with the amount offered, Advantage were entitled to stop providing such a car. This a normal clause in car insurance policies and so I don't think that Advantage were unreasonable. In any event Advantage agreed to pay for the hire car until the hire company took it back later, so I think that was fair of them.

### *The car's value*

Mr W's car insurance policy says on page X that market value is:

*" The cost of replacing your car in the United Kingdom at the time the loss or damage occurred with one of a similar make, model, age and condition. Publications may be used which refer to vehicle values such as Glass's Guide to assess the market value, with an allowance being made for the mileage, condition and circumstances of purchase by you."*

The investigator explained to Mr W what our approach was, regarding complaints about car valuations. We don't decide what the market value of a car is; we merely consider whether or not the insurer has reached a fair and reasonable amount having regard to the valuations in the trade guides. The prices in those guides are linked to likely monthly nationwide sales figures and we believe they give a reasonable and independent guide and take account of a number of factors including mileage, condition, and any extra features. Overall, we find them more persuasive than adverts.

I see that Advantage gave us evidence that in assessing Mr W's car's market value, they had done so in accordance with our guidance, taking into account its model, additional features, and the actual mileage at the time of the car's loss. They used the valuations from two trade guides, which were £4,495 and £4,620. They offered him the higher of those two valuations, less his policy excess.

The investigator checked those two guides and also looked at one other guide, but rightly discounted it as being out of line with the others. We would see as reasonable any market value offer within a reasonable range of the other two guides that Advantage used. And so I think that Advantage have followed our established process with regard to assessing market value and I think that's fair.

But Mr W felt his car was worth more than Advantage had offered. He felt that it was a specialist car and he referred us to internet car sales sites which he said showed his make and model of car advertised for more than what Advantage had offered him. Differences in age, condition and mileage can of course create significant price differences. But as I explained, we still think that advertised prices allow for subjective profit and room for negotiation, and don't determine what a car actually sold for. Whereas the guides' valuations are based on extensive nationwide research of what likely selling prices would have been.

I still haven't seen any persuasive evidence to override the trade guide valuation assessment that Advantage did. So, I'm satisfied that Advantage's process to assess Mr W's car's market value was fair, and that the amount they offered him was reasonable. So I don't think that Advantage did anything wrong and I don't require them to offer any more.

### *Advantage sold Mr W's car*

When an insurer pays the consumer the market value of their car, the car becomes the insurer's and they will normally sell it for salvage, but they can sell it back to the owner instead. Mr W wanted his car back and Advantage knew that, but Advantage sold it for salvage by mistake. I don't need to go into the detail of why that happened, as it's not in dispute that Advantage were in the wrong and they accept liability for that. But suffice to say that it was very unfortunate, and I appreciate that Mr W thereby lost a car that he was very fond of and which he had hoped to repair himself. However I think that £500 in compensation that Advantage have agreed to pay, on the investigator's recommendation, is reasonable compensation for that. So again, I don't require Advantage to pay any more than that.

### **My final decision**

For the reasons given above it's my final decision that I partly uphold the complaint and I require Advantage Insurance Company Limited to:

- Pay Mr W and Mrs W £150 in compensation for their poor service and fuel reimbursement, if they haven't done so already
- Pay Mr W and Mrs W £500 in compensation for selling their car in error.

Advantage must pay the compensation within 28 days of the date on which we tell them that Mr W and Mrs W accept my final decision. If they pay later than 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 Mr W and Mrs W to accept or reject my decision before 13 January 2023.



Rosslyn Scott  
**Ombudsman**