

The complaint

Mr W complains about how Advantage Insurance Company Limited handled a claim made on his motor insurance policy. He wants compensation for the loss of his motorbike.

What happened

Mr W's bike was damaged in an accident and he called Advantage to make a claim. Advantage wrongly thought Mr W had comprehensive insurance when he had third party, fire and theft cover only. Mr W's bike had been recovered to a storage yard and Advantage thought it would be a total loss. It then instructed its salvage agent to recover the bike.

The agent obtained the bike's documents from Mr W and sent them to DVLA to change ownership. Advantage then told the agent Mr W had third party, fire and theft cover and the instruction was cancelled. But the DVLA then wrote to Mr W to say that he was no longer the bike's owner.

The storage yard then told Mr W that his bike was ready for collection. But Mr W told Advantage that he couldn't collect it as he wasn't the bike's registered owner. Advantage noted that Mr W would need to contact DVLA and the police about this. The storage yard then disposed of the bike. And, after Mr W complained, Advantage said it wouldn't pay Mr W a settlement for his loss.

Our Investigators recommended that the complaint should be upheld. They thought Advantage had made an error in instructing the salvage agent to collect the bike from storage, which led to the change of ownership being made. Mr W couldn't then collect his bike from storage. They thought Advantage hadn't told Mr W he would need to contact the police and the DVLA. To put things right, they thought Advantage should reimburse Mr W for the bike's salvage value, with interest, and pay him £150 compensation for the trouble and upset caused.

Mr W replied that he wanted his bike returned or payment of its value following the accident. Advantage replied that Mr W had made the claim incorrectly and hadn't responded to the storage yard's request to remove his bike. It said Mr W would have been responsible for the bike's storage charges. So it thought Mr W's position hadn't been made any worse. Advantage asked for the complaint to be reviewed by an Ombudsman, so it's come to me for 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.

Advantage thought Mr W had made the initial mistake by making a claim on his policy. But I don't agree. I think Mr W was required to notify Advantage of the accident, which he did. And I'm satisfied that Advantage then made the error of proceeding with a claim as if Mr W had comprehensive cover.

This led to the salvage agent being instructed to recover the bike and the change of ownership being notified to DVLA. Mr W correctly brought this to Advantage's attention. He wouldn't be able to retrieve his bike as he was no longer the bike's registered owner and

keeper. Advantage noted that Mr W would need to contact DVLA and the police to resolve the ownership issue. But it didn't tell Mr W this. I'm satisfied that this was a further error made by Advantage.

When Mr W later contacted the salvage agent, it said it would take steps with the DVLA to transfer ownership back to Mr W. I can't see why Advantage wasn't able to instruct it to do this sooner when the error was spotted.

When a business makes a mistake, as I'm satisfied Advantage has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

Mr W wanted his bike returned, but that's not possible as it has been disposed of. He also asked for the bike's post-accident value. But the evidence I've seen shows that would be the bike's salvage value.

Advantage's engineers said, based on the damage report, the bike was most likely to be a Category B total loss and its salvage value was £82.90. And I think Advantage's errors deprived Mr W of this amount.

Advantage said that Mr B had benefited because the charge for the police recovery was £150 and the storage charges from the start of the claim to the police releasing the bike were £580. Advantage thought Mr W had benefited because its salvage agent had paid these charges and it thought Mr W would be unlikely to have paid them.

I can understand Advantage's argument. But I don't think this is fair or reasonable as Advantage's errors deprived Mr W of the opportunity to take the decision of whether or not to retrieve his bike.

And so, to restore Mr W's position, I think Advantage should make good his loss, which is the salvage value of his bike. And, as Mr W has been without his money for some time, I think Advantage should reasonably add interest to this amount. Our Investigators thought Advantage should also pay Mr W £150 compensation for the trouble and upset this matter has caused him. I think that's fair and reasonable for the level of impact caused, in keeping with our published guidance.

Putting things right

I require Advantage Insurance Company Limited to do the following:

1. Pay Mr W £82.90, the bike's salvage value, adding interest at the rate of 8% simple per annum from the date of salvage to the date of payment†.
2. Pay Mr W £150 compensation for the distress and inconvenience caused by its handling of his claim.

†If Advantage considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr W how much it's taken off. It should also give Mr W a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Advantage Insurance Company Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 2 January 2023.

Phillip Berechree

Ombudsman