

The complaint

Miss O complains about how Advantage Insurance Company Limited handled a claim made on her motor insurance policy. She seeks further compensation for the effect of its errors.

What happened

Miss O was involved in a non-fault accident and she mistakenly called an accident management company (AMC) to recover her car, thinking it was her broker. She realised her error the next day and called Advantage to make a claim. Advantage said it would recover her car from the AMC, but it didn't. Advantage later told Miss O that she was responsible for the AMC's storage charges of about £500. Miss O found this very upsetting due to her personal circumstances at the time.

Miss O complained and Advantage agreed that she hadn't been warned about the storage charges and she was made to think that Advantage would recover her car. But the AMC then sold the car as the storage bill hadn't been paid and Advantage said it would settle her claim on a total loss basis.

Advantage agreed there had been service failings and it paid Miss O £225 compensation and reimbursed her £99.18 for her personal things left in the car. Advantage said it also waived the policy excess and provided Miss O with a courtesy car throughout the claim. But Miss O remained unhappy with this and with the valuation of her car.

Our Investigator recommended that the complaint should be upheld. She thought Advantage had caused Miss O considerable stress and upset over a period of some months. So she thought Advantage should increase its compensation payment to £650 in keeping with our approach. And she thought Advantage should reimburse Miss O £82.50 for the interest she had paid to her finance company after the point when the claim should have been settled.

Advantage replied that it agreed to reimburse the interest. But it thought its compensation payment, alongside waiving the policy excess and providing a courtesy car, was sufficient in the circumstances. Advantage asked for an Ombudsman's review, so the complaint has 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.

I can see that it's agreed that Advantage should have warned Miss O from the outset of the claim that she'd be responsible for the storage fees, and it should have acted to recover her car from the AMC. I'm satisfied that if the claim had been handled correctly, Miss O would have kept her car and her claim wouldn't have been delayed for three months.

From what I've seen I think Advantage made the following errors in handling Miss O's claim:

- It mismanaged Miss O's expectations regarding the storage fees.
- It failed to come to an agreement with the AMC to recover Miss O's car.
- It didn't reasonably provide Miss O with meaningful updates on her claim leaving Miss O

to take the initiative to contact it.

- It caused Miss O distress by telling her to pay a £500 bill, accumulated through no fault of hers.
- Its mismanagement of the claim resulted in the sale of Miss O's car which could have been entirely avoidable.
- Miss O had no choice but to accept a cash settlement for her claim, instead of having her car repaired.
- Miss O lost personal belongings which were stored in the vehicle, so she had to take additional steps to provide evidence of her losses to be reimbursed for them.

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.

To put things right for Miss O, Advantage offered Miss O a cash settlement for the loss of her car. Miss O is unhappy with this, but the Investigator has already advised her that she would need to raise this as a further complaint. So I'll not consider the settlement amount here.

Advantage also paid the storage charges accumulated due to its error. It covered the loss of Miss O's personal possessions. It waived the policy excess. It kept Miss O mobile. And it has now agreed to reimburse Miss O £82.50 for the interest charges she had to pay due to the delay in her claim. I think this restores Miss O's position as far as it can.

Advantage also paid Miss O £225 compensation for the trouble and upset caused. But I'm not satisfied that this goes far enough in the circumstances. Miss O has told us about the effect Advantage's claim handling had on her at a difficult time. Miss O had to ask her partner to take over contacting Advantage. This avoidable stress and worry went on for three months.

I think Advantage's errors caused considerable distress, upset and worry to Miss O and the impact lasted over many months. Our Investigator recommended a compensation payment of £650 (in total) for this. I think that's fair and reasonable as it's in keeping with our published guidance.

Putting things right

I require Advantage Insurance Company Limited to do the following:

1. Reimburse Miss O £82.50 for the interest she paid on her finance agreement due to the delay in her claim being settled, as it's already agreed to do.
2. Pay Miss O £425 further compensation (£650 in total) for the considerable distress and inconvenience caused by its handling of her claim.

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 Miss O to accept or reject my decision before 12 January 2023.

Phillip Berechree
Ombudsman