

## **The complaint**

Mrs K is unhappy with Advantage Insurance Company Limited's handling of a claim she made on her car insurance policy.

References to Advantage include its agents acting on its behalf.

Mrs K is the policyholder and is represented by Mr S. For ease, I've referred to comments made by Mr S as being made by Mrs K.

## **What happened**

Mrs K made a claim on her car insurance policy when she was in an accident. Advantage arranged for its engineers to recover the car from the accident site. However, the engineers said they couldn't recover it because of the position it was in. Advantage arranged for another agent, I'll call R, to recover the car. It said it was later told R hadn't recovered the vehicle as it wasn't at the site when it got there. Advantage wasn't sure of the car's location. It subsequently deemed the car a total loss and offered to settle the claim by paying the car's market value.

Mrs K complained about Advantage's communication and because it didn't know where her car was. She was also unhappy with the delays in settling her claim.

Advantage acknowledged the communication Mrs K had with its agent wasn't smooth. It said there were delays in settling her claim, and it could have offered a blind valuation of the car sooner than it did because the car was likely to be a total loss due the severity of the damage. But it said the investigation into the location of the car was still on going. It paid Mrs K £125 compensation for the distress and inconvenience she was caused.

Mrs K brought her complaint to us. She also told us she feels she lost out because she would have kept the car and repaired it herself. Mrs K said she would like £10,000 in total which includes the settlement for the car and compensation. Our investigator thought the complaint should be upheld. He thought the car was likely to have been a total loss and it was reasonable for Advantage to pay the car's value. But he thought the delay to the claim was unreasonable and therefore, Advantage was responsible for the time Mrs K didn't have use of a car and the inconvenience she experienced. He also thought it would have been distressing to hear the car was missing. He said Advantage should increase its compensation and pay a total of £500.

Advantage thought the compensation our investigator suggested was too high. It said it was prompt in instructing R to recover the car when it received notification the car was likely a total loss. It said it would usually expect the process for a total loss claim to take around 14 days but acknowledged a delay of around 3 to 4 weeks. It thinks £300 would be fairer compensation.

Our investigator didn't agree, he said we would usually consider a payment of £10 per day reasonable to compensate for loss of use to consumer. He said Mrs K was without her car for 49 days from the date her car should have been picked up to the date payment was

made. He thought Mrs K would therefore have been entitled to at least £490 compensation.

Advantage still didn't accept our investigator opinion. It says £5 per day would be reasonable due to the fact Mrs K had social only cover. As an agreement couldn't be reached, the complaint has been passed to me 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.

Having done so, I've reached the same outcome as our investigator, and for similar reasons.

Advantage acknowledges its communication with Mrs K could be better and it accepts there were delays in settling her claim. It's unfortunate but mistakes do happen, but when they do, I'd expect Advantage to put the consumer back in the position they would have been in if the mistake hadn't happened. It should also fairly compensate for the impact it had on the consumer. Advantage settled the claim by paying the car's market value. It has offered to increase its compensation and pay Mrs K a total of £300. So, I've thought about what happened and whether it's done enough to put things right. I'm not satisfied it has and I'll explain why.

I looked at the photographs of the damage to Mrs K's car and considered Advantage's in-house engineer's opinion on the level of damage it had sustained. I also note the first recovery agent, who attended the site and saw the car after the accident, said in an email to Advantage, that they thought the car might be total loss. So, on balance, I think it's more likely than not that the car would have been written off. Nevertheless, I've thought about whether Mrs K has incurred a financial loss because of Advantage's error.

When a car is written off, under the terms of Mrs K's policy, Advantage must pay her the market value of the car at the time of the loss, less the policy excess. And the policy defines market value as: *"The cost of replacing your Car in the United Kingdom at the time the loss or damage occurred with one of the same make, model, age and condition..."*

Advantage said it carried out a blind valuation and valued the car £7,786. I appreciate Mrs K says she would have wanted to keep the car to repair it herself, but there's no guarantee that following the accident the car could have been repaired to a roadworthy state. It's also worth noting that if Mrs K opted to keep it, under the terms of the policy, Advantage would be entitled to deduct the car's salvage value from the settlement it paid her.

Even if the car wasn't written off and had been economical to repair, by it paying the pre-accident value, Advantage has in effect paid the cost of replacing it with a similar one. So, I don't think Mrs K has lost out financially. While it's unfortunate that she didn't have the option to keep the car, I'm satisfied it's offered the next best alternative and I think that's fair.

The terms of the policy say *"You won't be eligible for a replacement car if your Car is stolen or considered to be a Total Loss/write-off"* and it also says *"You'll get a replacement car while your car is being repaired"*. Mrs K's car wasn't being repaired at the time, and it was ultimately treated as a total loss, so I don't think Advantage had to provide her with a replacement car to use.

That said, I don't find it recovered the car when it should have, and I say this because Mrs K logged her claim on 24 July and the garage tried to recover the car on 26 July, but R wasn't instructed to recover it until Mrs K phoned for an update on 28 July, which is four days after the incident was initially logged. I've also considered that it was aware early on that the car

was likely to be a written off and it didn't know where the car was. So, I agree with what it said, and I find it could have arranged a valuation of the car earlier than it did. Therefore, I think it's right it compensates Mrs K for the time she was left without a car to use because of its actions.

Mrs K says because she didn't have a car, she wasn't able to shop as she normally would, and she couldn't attend the gym, so her monthly membership was wasted during this period. So, I'm satisfied being without a car restricted Mrs K's daily life. I find Mrs K was without use of a car from 26 July 2022 (the date the garage first mentioned that the car might be written off and also the date the car should have been recovered), until the date the settlement was paid to her, on 13 September 2022. This means Mrs K was without use of a car for 49 days.

I also think Advantage could have communicated better with Mrs K throughout the process. I've reviewed its notes and I can see she phoned regularly for an update on her claim. And made several unsuccessful attempts to speak with the claims handler to find out what was happening with her car. She also phoned Advantage and its agents on multiple occasions to try to locate the car and I think this will have been frustrating. I also think it would have been upsetting for Mrs K to learn Advantage didn't know where the car was.

Advantage thinks a rate of £5 per day is reasonable for the time Mrs K was without a car because she was only covered to use her car socially. But I don't agree, and I see no reason to depart from our usual approach. I find a rate of £10 per day is reasonable to compensate for the time Mrs K didn't have a car to use, and for the associated inconvenience of this and of dealing with the claim. And considering the customer service issues I've mentioned above, I think the overall compensation of £500 that our investigator suggested is fair and reasonable in all the circumstances.

### **My final decision**

For the reason I mentioned above, I uphold this complaint and require Advantage Insurance Company Limited to pay a total of £500 compensation. It's already paid £125, therefore it should pay Mrs K an additional £375.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K and Mr S to accept or reject my decision before 23 February 2023.

Oluwatobi Balogun  
**Ombudsman**