

## The complaint

Mr T complains that Advantage Insurance Company Limited mishandled his claim on a motor insurance policy.

## What happened

The subject matter of the claim and the complaint is a car, made by a premium brand manufacturer with automatic transmission. The car was first registered in 2007. Mr T acquired the car in 2016.

For the year from 27 October 2021, Mr T had the car insured through a broker on a comprehensive policy with Advantage. Any claim for damage was subject to policy excesses totalling £495.00.

Unfortunately, on about 11 October 2022, another driver suffered a heart attack and crashed into the car while it was parked and unattended.

Advantage said the car was a total loss. It arranged a hire car for Mr T. Advantage referred to the Glass's and CAP trade guide valuations. It said that the car's pre-accident value had been £2,822.00. Advantage paid that amount to Mr T (waiving the excess of £495.00).

Mr T complained to Advantage that it had under-valued the car.

On about 23 October 2022, Advantage increased its pre-accident value to £2,959.00 and paid Mr T the increase of £137.00.

In late October 2022, Mr T had to give the hire car back.

By a final response dated early November 2022, Advantage turned down the complaint. Mr T brought his complaint to us without any delay.

Our investigator recommended that the complaint should be upheld. He considered the following trade guide figures:

Glass's	£2,800.00
CAP	£3,118.00
Cazoo	£4,687.00

He said that these gave an averaged value of £3,535.00. He recommended that Advantage should pay the difference to Mr T along with 8% annual simple interest on this amount, calculated from the date of claim settlement to the date of payment.

Mr T agreed with the investigator's opinion.

Advantage disagreed. It asked for an ombudsman to review the complaint. It says, in summary, that:

- When he bought the policy, Mr T entered the value of the vehicle as £1,690.00.
- Mr T rang to decline the renewal. He agreed to reduce the value of the vehicle to £1,400.00.
- It doesn't use Cazoo as they are no longer accepting new customers.
- The Cazoo valuation is not consistent with the other two guides, which suggests it is inaccurate.
- General guidance is to pay within a range of the guide figures.
- Sales more recently fall in line with the valuation it placed on the vehicle.

### **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.

We expect insurers to value used vehicles by reference to the retail figures in certain trade guides. We find them persuasive because they are based on extensive research of likely selling prices.

We will look at all relevant evidence. But we often find advertisements less persuasive because they contain asking prices that may be negotiated downwards.

I accept that Mr T's car had a high specification including leather seats.

I also accept that he had added a new sound system console at a cost of about £300.00. But that was a modification that I'm not persuaded added to the market value of the car.

The October 2021 policy documents include a statement of insurance. That gave an estimated value of the car as £1,690.00. I don't place much weight on that estimate as the accident was a year later.

Advantage's policy terms included the following definition:

*"Market Value*

*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. This may not necessarily be the value you declared when the insurance was taken out. Your Insurer may use publications such as Glass's Guide to assess the Market Value and will make any necessary allowances for the mileage and condition of your Car and the circumstances in which you bought it."*

From a call recording dated 11 October 2022, I note that at lunchtime, Mr T had a discussion with the broker about renewing the policy. I don't place much weight on Mr T's estimate of £1,400.00. I say that because it's out of line with the trade guide figures.

From Advantage's file, I've seen a note dated 18 October 2022 saying that Mr T expected £4,400.00 for his car.

Mr T's car was too old to be valued in the Autotrader guide.

Advantage has shown us its figures from Glass and CAP (and the investigator got the same figures).

I accept that Advantage didn't have access to Cazoo. And the Cazoo figure is significantly out of line with Glass's and CAP. So I've thought about disregarding the Cazoo valuation as an outlier.

But Mr T emailed Advantage with links to advertisements for cars like his in October 2022. And Cazoo has shown us details of the dozen or so automatic vehicles on which its valuation was based. So I don't consider that it would be fair and reasonable to disregard it.

That leaves quite a broad range between the three trade guide valuations. So on this occasion, I don't consider that it would be fair to say that any figure in the range is a fair figure. Rather, I consider that the details from Cazoo (together with the advertisements referred to by Mr T) show that the other two guides placed less weight on the fact that Mr T's car was an automatic.

So – although it's not an exact science – I consider that Advantage's final figure of £2,959.00 was too low to be a fair figure. I consider that a fairer figure would've been the average of the available three trade guide figures, that is £3,535.00.

### **Putting things right**

I consider that I should direct Advantage to value Mr T's car at the average of the available three trade guide figures, that is £3,535.00. As Advantage has already paid Mr T £2,959.00, I will direct it to pay him the balance of £576.00.

Mr T has been out of pocket since October 2022. In early January 2023, he told us he still had no car and not enough money to buy one.

So I've thought about directing Advantage to compensate Mr T for loss of use or distress and inconvenience. But interest is a form of compensation for loss of use of money. Mr T accepted the investigator's opinion. And on balance I find it fair enough to direct Advantage to pay Mr T the balance of £576.00 plus interest at our usual rate from the date of his claim.

Incidentally, Mr T asked about Advantage's recovery from the third party's insurer. Advantage's file shows that it sold the damaged car for £147.95. I'm satisfied that, from its outlay of £2,959.00, Advantage deducted that £147.95 and recovered the balance from the third party's insurer.

### **My final decision**

For the reasons I've explained, my final decision is that I uphold this complaint. I direct Advantage Insurance Company Limited to pay Mr T:

1. in addition to its payments totaling £2,959.00, £576.00 for his car; and
2. simple interest on £576.00 at a yearly rate of 8% from the date of his claim until the date of payment. If Advantage considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr T how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 12 April 2023.

Christopher Gilbert

**Ombudsman**