

The complaint

Mr R complains about how Advantage Insurance Company Limited dealt with a claim on his motor insurance policy. Mr R complains that his car was returned to him with additional damage not caused in the accident.

What happened

Mr R's car was involved in an accident where a third party damaged the front bumper of it. Because of this, Mr R called Advantage and claimed on his motor insurance policy. Advantage reviewed the claim, accepted it and repaired Mr R's car.

When Mr R's car was returned to him, he said the rear bumper had damage which wasn't there before. He also said the quality of repairs to the front of his car was poor. Advantage reviewed the poor repairs and additional damage and accepted it was responsible for them. However due to the cost to repair Mr R's car, Advantage said it would instead deem his car a "total loss" and pay him the market value. Mr R didn't think this was fair and complained.

Advantage reviewed the complaint and maintained its position but offered to pay Mr R £350 compensation. Mr R wasn't happy with Advantage's response and referred his complaint here.

Mr R was then involved in another accident, which also wasn't his fault. Advantage let us know that it would record this new accident as "notification" only and would pay Mr R £2,200 as the market value of his car. Advantage reached this figure by reviewing motor valuations guides, it also waived Mr R's excess and deducted £180 for damage that pre-dated the first claim. It also said if Mr R wished to retain the car it would deduct £484.

Our investigator reviewed the complaint and found the Advantage had reached a fair and reasonable valuation by offering Mr R £2,200. However, he thought Advantage should increase the compensation for distress and inconvenience to £500.

Advantage agreed to our investigator's outcome. Mr R didn't agree. He said he reluctantly accepted the total loss valuation of £2,200 but thought Advantage should increase the compensation to £1,000.

As Mr R didn't agree, the complaint has come 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.

The terms and conditions of Mr R's policy, like most policies we see, give Advantage the right to take over the defence or settlement of any claim, as it sees fit. That means it might make a decision Mr R disagrees with. But we'd look at whether Advantage made a reasonable decision in doing this based on the evidence it had and the circumstances of the case. Mr R's policy says in the event of a claim for loss to his car it will either; pay cash in

lieu of repairs, replace the car, repair the damage, or pay Mr R the market value of the car immediately before the loss.

Advantage has shown that when Mr R's car was involved in the first accident that it would normally be deemed as what's known as a "total loss". Instead, Advantage chose to repair Mr R's car. Following this, the repairs weren't completed correctly, and additional damage caused. While this is disappointing to see, I'm satisfied it's fair and reasonable for Advantage to deem Mr R's car a total loss in this particular case. I say this because Mr R's car met the criteria for being deemed a total loss from the initial accident. And while Advantage has caused more damage, this has only occurred because Advantage didn't deem the car a total loss as it could have originally. I'm therefore satisfied Advantage are acting fairly and reasonably by now deeming Mr R's car a total loss.

The terms and conditions of Mr R's policy say that if Advantage deem his car a total loss, it will pay him the market value. It 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.*"

Our service doesn't value cars. Instead, we check to see that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we tend to use relevant motor valuation guides. I usually find these persuasive as they're based on nationwide research of sales prices.

I've looked at the four motor valuation tools we use, and they've given values ranging from £1,759 to £2,380. As Advantage's offer is within the range of these guides and I've not been provided with sufficient evidence to show the value isn't in line with the valuation guides. I'm satisfied Advantage's valuation is fair and reasonable.

I've noticed that when Advantage reached this figure it made a deduction of £180 for other damage to the car which wasn't caused by Advantage or in the first accident. Advantage has said this is due other unrelated damage to the rear bumper. While I'm not satisfied Advantage has shown what this damage is or whether the deduction is fair, I'm not going to tell it to pay any more. I say this because Advantage has offered £2,200 as the valuation for Mr R's car. As this figure is towards the higher end of the range, even if I was to find that this hadn't been fairly applied, I wouldn't conclude that Advantage hadn't ultimately reached a value which is fair and reasonable. I'm therefore not going to tell Advantage to pay any more.

I've also considered the impact of Advantage's poor handling of Mr R's claim. It's meant he's had the loss of expectation of having his car repaired and had the unnecessary distress and inconvenience of having to have his car inspected upon discovering the poor repair and additional damage. To compensate Mr R for this, Advantage needs to pay him a total of £500 for the distress and inconvenience caused.

I've also noticed that Advantage has said it will amend its records for the first claim to reflect it being a total loss and record the second claim as "notification" only. Considering the time between the two claims, and that if things had been dealt with correctly, the second claim would be recorded as "non-fault". I'm satisfied it's fair and reasonable to record the second claim as "notification" only in this case, so I'm not going to tell Advantage to do anything else.

My final decision

For the reasons explained above, I uphold this complaint. I require Advantage Insurance Company Limited to:

1. Pay Mr R £2,200 as the market value of his car, if not already done so
2. Pay Mr R £500 for the distress and inconvenience caused
3. Record the second claim as notification only

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 24 March 2023.

Alex Newman
Ombudsman