

The complaint

Mr H complained about Advantage Insurance Company Limited's valuation of his car after he claimed on his motor insurance policy.

What happened

Mr H's car was damaged in an accident and Advantage (trading as Hastings Direct) decided that it was uneconomical to repair. They first offered him an amount for his car's market value, increasing it to £3,300. Mr H thought that his car was worth more and said he couldn't afford to buy a similar car with that and would be left out of pocket. He wanted Advantage to pay him about £1,600 more or themselves buy him a similar car. He didn't think it was fair for Advantage to offer an amount in line with the motor trade guides.

The investigator didn't recommend that his complaint should be upheld. He thought that Advantage's offer was fair and that they'd reached it in a reasonable way having followed our guidance. Mr H didn't agree and so I've been asked to decide.

Mr H is unhappy with another aspect of Advantage's service, but as the investigator has explained, Advantage have to be given the chance to respond to a complaint from him about that, and so I don't comment on that here.

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 investigator explained to Mr H what our approach was, regarding complaints about car valuations. We don't decide what the market value of a car is; we merely consider whether or not the insurer has reached a fair and reasonable amount having regard to the valuations in the trade guides. The prices in those guides are linked to likely monthly nationwide sales figures and although valuing a car is not an exact science, we believe they give a reasonable and independent guide and take account of a number of factors including mileage, condition, and any extra features. Overall, we find them more persuasive than adverts.

Mr H's car insurance policy says on page 14 that market value is:

"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."

So Mr H's policy does give Advantage the discretion to use the trade guides to assess market value. I think that clause is clear and not unreasonable, and Mr H has agreed to it by taking out the policy.

Advantage have shown us that in assessing his car's market value, they used the valuations from two trade guides, £3,330 and £3,093. They offered him the higher of those two valuations, minus his policy excess.

The investigator checked that Advantage had valued Mr H's car in accordance with our guidance and that they had taken into account its model, features and the actual mileage at the time of the car's loss.

The investigator also did his own valuations as a check, and these varied between £3,093 and £3,806. He explained that Advantage's market value offer was therefore in accordance with our published guidance as it was within a reasonable range of the trade guide valuations, and I'm satisfied that's so.

It's clear that Mr H isn't happy with the trade guides valuation process. He thinks the guides give trade values rather than retail values, and so their values are artificial. However as I explained above, the guides Advantage used are independent industry trade guides showing retail prices and we consider it reasonable for insurers to use them.

I see that in their assessment Advantage did use the retail prices from the guides. I also see that Advantage did consider the adverts Mr H showed them, but they were not like for like due to mileage. And in any event, we still think that advertised prices allow for subjective profit and room for negotiation, and don't determine what a car actually sold for. Whereas the guides' valuations are based on extensive nationwide research of what likely selling prices would have been. We think that the guides have also factored in any increase in second-hand cars in the last few years.

Mr H also thinks that Advantage should compensate him for the time he says they've taken. However I can see that they offered him the revised market value within a not unreasonable time after the incident when his car was damaged. So I don't think that Advantage delayed there, and they aren't responsible if Mr H chose not to accept their offer then.

I do think it's unfortunate that Mr H's car was damaged through no fault of his own, but as Advantage followed our established process with regard to assessing market value I think that's reasonable and the amount they arrived at was fair.

Overall, I haven't seen any persuasive evidence to override the trade guide valuation assessment that Advantage did. This means that Advantage didn't do anything wrong and I don't require them to do anything more.

My final decision

For the reasons I've given above, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 February 2023.



Rosslyn Scott
Ombudsman