

## **The complaint**

Miss B complains about how Advantage Insurance Company Limited handled her motor insurance claim.

## **What happened**

On 3 September 2022, Miss B made a claim online as her car had been stolen. In error, this was incorrectly set up by her as a notification only and closed. On 8 September, it was reopened after she called to find out what was happening, and the mistake was realised. In the call, Miss B explained she had another car she wanted to insure as soon as possible.

On 22 September, the police recovered her car. It was deemed repairable by Advantage on 7 October and it contacted Miss B to let her know but the notes show she didn't answer. Miss B spoke to Advantage on 22 October and said she didn't want the car back as she'd bought a new one and wanted the case handler to call her to discuss this. The case handler contacted Miss B over the next few days and sought internal guidance on her request. On 26 October, the case handler explained Advantage could pay the repair cost less the VAT including the salvage amount. Miss B wanted to think about it and would call the next day.

On 7 November, Miss B messaged Advantage and said she'd been on hold three times for at least 45 minutes in the few days beforehand and needed someone to get in touch to help her understand what was happening. By this point, she'd received a letter from Advantage's agent to say her car was beyond economical repair. On 19 November, Miss B again contacted Advantage. A couple of days later the case handler called her but the notes suggest the call was disconnected and she wasn't called back.

On 28 November, Miss B asked Advantage to explain her options and for a valuation of her car. She was told the case handler would call but this didn't happen. Miss B made several calls and on 9 January 2023 an agent was instructed to assess if it was repairable. The agent reported the car was a total loss and this was confirmed to Miss B on 2 February.

Miss B says Advantage unreasonably delayed the claim and failed to give her clear and consistent information. The call handlers she spoke to weren't able to help her, the case handler didn't call her back when asked or respond to emails and she wasn't given the correct name for her case handler which meant she wasn't able to speak to them. This claim has increased her premium and she is also in debt as she had to go out straightaway to buy another car to get to work as she wasn't offered a courtesy car.

Miss B complained to Advantage. Advantage accepted the service had been poor. And, although it agreed it could have given Miss B a better understanding of the process, it didn't agree it was responsible for any delays in progressing the claim. To put things right, it apologised, offered to £35 and confirmed feedback had been given about case handlers using nicknames or shortened versions of their name. Miss B didn't agree this was enough. She also explained the excess has been taken out of her settlement leaving her unable to cover the debt on her new car or the extra for the increased premium.

Our investigator looked into matters and increased the compensation to £100 for the distress and inconvenience caused to Miss B. They took the time to explain some matters to her such as why she wasn't entitled to a courtesy car. Miss B disagreed initially with the investigator because, although she now understands things much better because of the investigator's support, Advantage wasn't clear during the claim and so the stress of this could've been avoided. Advantage also disagreed. It says Miss B delayed the claim and this resulted in her getting what she wanted - to have the car written off – when Advantage was just trying to help her by going outside its terms and offering an alternative to repairs.

As the parties didn't agree, the matter was passed to me for a decision. Having reviewed matters, I explained to both parties why I thought Advantage should pay Miss B £400 in compensation. Advantage didn't agree this was reasonable. It felt the fact the delay had benefitted Miss B had been disregarded - a total loss settlement wouldn't have been possible without the delays. And the notes need to be reviewed to highlight Miss B's reluctance to progress a repair claim. Further, it says we haven't seen any evidence of a finance agreement and Miss B changed her car after 5 days which shows she didn't rely on the claim settlement funds to buy it.

### **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 key facts here aren't in dispute. Advantage admits it got things wrong. The key issue I must decide is whether the things it has done to put things right is fair and reasonable. To do this, I need to distinguish between the distress and inconvenience Miss B suffered because her car was stolen and its consequences, which Advantage isn't responsible for, with what Advantage did or failed to do that might've added to that distress. For example, the deduction of her excess from the settlement sum and increased subsequent premiums - whilst understandably frustrating for Miss B – are a consequence of her car being stolen rather than Advantage's poor service. And I haven't seen anything to suggest the deduction of the excess or increased premium is unreasonable.

Turning to the matters it is responsible for. When dealing with a claim, under the Insurance: Conduct of Business sourcebook (ICOBS) 8.1, a business is required to handle claims promptly and fairly and provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress. Taking everything into account, it's my view Advantage has fallen considerably short of its obligations in this matter. I'll explain why.

Advantage's internal notes show Miss B wasn't given clear or appropriate guidance, nor was her claim handled promptly or her questions answered fully. There were various calls requested by her that weren't made and other examples I've seen of poor service which were undoubtedly exacerbated by the failure of the case handler to give Miss B their correct name. The notes from Advantage and its agent show miscommunications between them about the repairs and storage. This caused further confusion for Miss B about the options available and how to move forward. Given the first report dated 3 October 2022 about the repairability of the car had an engineer's valuation as well as an estimate of the cost of repairs, I can't see a further report was necessary. The information requested by Miss B in November to help her decide how to move forward was already available to Advantage.

All the above will have undoubtedly led to this claim taking longer than it should have and the condition of the vehicle worsening. Advantage itself accepts it should've given Miss B a better understanding of the process, so it's surprising it also says it wasn't responsible for any delays in progressing the claim. It was Advantage who should've given clear and full information to Miss B to help her make a decision and controlled the progress of the claim,

ultimately instructing the repairs in a timely manner and returning the car to Miss B if it wasn't willing to pay her the market value of the car or reach an agreeable settlement.

I recognise Advantage say the delays were ultimately to Miss B's benefit in that her car was written off rather than returned to her. But this doesn't excuse the failures and poor service she endured throughout the claim. And I don't consider it likely she wanted to have five months without the benefit of her car (even if she chose to sell it as she had a replacement) or the money she was due. Particularly at a time when she says she had to take on a debt to pay for the new car as well as cover a significantly increased premium.

I think it's right that Advantage should compensate Miss B for the distress and inconvenience caused by its failures in this matter and the poor progress of the claim. Taking everything into account, I don't consider the apology Advantage has given, feedback it's shared internally and the compensation of £35 offered to be fair and reasonable in the circumstances. Instead, it should pay a total compensation of £400.

Advantage's further comments don't change my decision. It focuses on Miss B buying a replacement car 5 days later, but she has mitigated her losses in doing so – something we and most businesses would expect a consumer to do. I don't consider it necessary to see evidence of the debt Miss B says she took out to buy the replacement car. She has referred to this consistently throughout and I'm not awarding interest based on that debt or for Advantage to pay a specific part of it. Further, even if Miss B didn't take on a debt and was able to use money which was readily available to buy the car – something which is likely to be increasingly difficult for many consumers - she was then prevented from using her money for anything else or earning interest until the matter was resolved five months later.

### **Putting things right**

To put things right, Advantage Insurance Company Limited should pay to Miss B a total of £400 compensation within 28 days of the date on which we tell it Miss B accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

### **My final decision**

My final decision is that I uphold this complaint. Advantage Insurance Company Limited needs to do the things set out above to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 15 June 2023.

Rebecca Ellis  
**Ombudsman**