

The complaint

Miss C complains about Advantage Insurance Company Limited's ('Advantage') decision to decline her motor insurance claim.

Advantage are the underwriters (insurers) of this policy. As Advantage have accepted they are accountable for the actions of their agents, in my decision, any reference to Advantage should be interpreted as also covering the actions of their appointed agents.

What happened

Miss C and Advantage are familiar with the background to this complaint. Rather than repeat what is known to both parties, in my decision I'll focus mainly on giving the reasons for reaching the outcome that I have.

Miss C had a motor insurance policy with Advantage. On 17 January 2023, Miss C contacted Advantage to make a claim on her policy following her discovery of a malfunction light. Miss C agreed to drive the car to an appointed dealership.

The next day Miss C was told there was water damage to the electrical components of the car. The main component would cost around £1,200 to replace. Miss C told Advantage that she believed the damage possibly may have occurred after she'd been removing snow from her car and she may have accidentally damaged a seal around the edge of the window. This allowed melting snow/ice to make its way into the car.

On 19 January Miss C tried to contact Advantage on a number of occasions. Eventually she was told that the damage might be covered, with the exception of the window seal. Miss C was told she'd be contacted to arrange which garage would carry out the repairs. Shortly afterwards, Miss C was contacted and told that the repairs were underway at a garage.

Miss C was then contacted by the approved repairers and asked to book in her car for repairs. This confused Miss C as she'd been led to believe the repairs were already underway.

On 25 January the initial dealership contacted Miss C and let her know that the approved repairers couldn't carry out the repair as they'd not been informed her car was an electric vehicle. The car was then booked in with an alternative repairer on 27 January.

Miss C spoke to the initial dealership again on 2 February and was told her claim had been declined by Advantage. She was told Advantage would be in touch with her, but after a few

days passed without contact, she rang Advantage on 7 February and was told the claim had been declined. Miss C then raised a complaint with Advantage about the declined claim, the service they'd provided and the overall impact on her.

Advantage didn't uphold the complaint and Miss C then referred it to our Service for an independent review. Our Investigator considered the complaint and recommended that it be upheld. She felt that Advantage should reconsider the claim and pay Miss C £150

compensation for how they'd handled things. As Advantage didn't accept the recommendations, the complaint was referred to me for a decision.

I recently sent both parties a copy of my provisional, intended findings. As the deadline for responses has now passed, I've considered the complaint for a final decision.

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.

Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. This isn't meant as a discourtesy to either party – it simply reflects the informal nature of our Service. I won't comment on every point raised, but I have carefully considered all of the evidence.

Only Advantage replied to my provisional decision. As no new evidence has been provided that materially affects the outcome I intended to reach, I see no fair or reasonable reason to deviate from my intended findings. I've included them below.

My decision won't be considering the impact of this claim on Miss C's insurance premiums. Should Miss C be unhappy about this aspect she first needs to raise it with Advantage. But I can tell her that generally, a claim registered against an insurance policy can impact premiums charged at renewal or when taking out a new policy. In addition, motor insurance premiums have increased across the UK this year. <https://www.bbc.co.uk/news/business-66466626> and <https://www.abi.org.uk/news/news-articles/2023/8/sustained-cost-pressures-on-insurers-push-the-average-price-of-motor-insurance-to-a-record-high/>

The service provided

It's clear that there have been avoidable failings in terms of how Advantage have handled this claim. Although Advantage are the experts in this business relationship, there were numerous communication issues and it looks like Miss C was having to be the pro-active party chasing up this claim. For example; there were communication issues with Miss C not being appropriately updated and Miss C finding out through Advantage's agents that the claim was declined.

I also think that Advantage let Miss C down and caused avoidable loss of expectation by initially telling her the damage would be covered and then declining the claim. Of course Advantage are entitled to fully consider the circumstances of any claim, but their communication that the damage was covered without a proper inspection was premature in the specific circumstances of this claim.

I note that Miss C has let us know that Advantage have emailed her to say they sent a templated email in error in August 2023. Whilst this is disappointing to see, I'm satisfied that Miss C knew the claim had been declined and this is simply more evidence of poor communication from Advantage.

Did Advantage fairly and reasonably consider the claim before declining it?

As highlighted above, Advantage initially agreed that this claim was covered. They ultimately declined it for wear and tear as they felt the seal deteriorated over time because of the age of the car and the local weather conditions - rather than it being accidentally damaged following Miss C scraping snow/ice from the car.

I note that at the point of the declined claim and the final response letter, Advantage didn't have the report from the repairer. They left the door open for Miss C to provide supporting evidence from her own repairers if she disputed the findings of Advantage's repairers. This was a fair and reasonable action.

Miss C eventually provided a report to our Service on 24 May 2023. Although our investigator felt this meant Advantage hadn't fairly/fully investigated the claim, I've taken a different view.

I've considered the supporting report from Miss C and in my opinion it doesn't strengthen her argument that the proximate cause of the loss here was the scraping of snow/ice from her car. A separate email (16 May 2023) referring to the technician who'd worked on the car stated:

"It was not a failure of a seal that caused the concern it was a crack in the sealer/bonding that caused the water ingress."

This again supports that the loss event wasn't a one off accidental damage incident, but the underlying cause being the condition of the seal due to general wear and tear. Advantage told our Service after we shared the 24 May report:

"the new evidence doesn't change anything. We are in the same position as we were with our engineers original decision which I must highlight is a professional and qualified decision – therefore it's not correct to say we've made the decision prematurely or incorrectly and therefore we maintain this should be resolved with no change in outcome."

I agree with the sentiment of this response.

I've then considered if Miss C has unfairly lost out by Advantage not having the report when they made their decision to decline the claim. I've concluded, on balance, she hasn't – as their decision would've likely remained the same.

Normally our Service will consider events that have happened up until the point of the final response letter (16 February 2023) and referral to us. But in the specifics of this complaint I don't see any advantage for either party of going back around the claim process again as Miss C has provided the report and Advantage have now considered it. This is different to the premiums point I've explained I'm not considering as this new evidence/report issue stems from the original complaint and isn't a brand new issue raised after the final response letter.

Advantage will note that I'm in agreement with their statement above that the ultimate claim decline was fair and reasonable. But my earlier finding still stands that their initial decision that the claim was covered was communicated prematurely to Miss C. The compensation recommended by our Investigator (£150) is broadly fair, reasonable and appropriate for this failing and other service issues she's experienced across a number of weeks.

I don't make any award in relation to the other costs Miss C has said she's incurred – such as phone costs or alternative transport costs. I've also considered what she said about supply chain issues when she went to have the repair done. It may well have been the case that the part needed was available sooner when she first reported the claim, but these were worldwide supply restrictions across many industries as a by-product of COVID-19 lockdowns and other worldwide issues and are beyond the responsibility of Advantage.

Putting things right

Advantage Insurance Company Limited need to pay Miss C £150 compensation to recognise the impact of their actions when handing this claim on her.

My final decision

My final decision is that I partially uphold this complaint. Advantage Insurance Company Limited now need to follow my direction as set out under the heading 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 14 December 2023.

Daniel O'Shea
Ombudsman