

The complaint

Mr W complains about Advantage Insurance Company Limited's handling of a claim made under his car insurance.

What happened

The background to this complaint is well known to both parties, so I'll provide only a brief summary here.

Mr W has car insurance underwritten by Advantage. He made a claim in mid-March 2022 after he was involved in a road traffic accident.

Because Advantage accepted the claim as non-fault, they put the claim in the hands of a contractor to resolve.

In mid-April, having decided that the car was a write off, the contractor made a settlement offer to Mr W based on their valuation of the car less the amount they'd be able to recover by selling the car for salvage. Mr W had indicated he might wish to retain the car. The settlement offer came to just under £2,285.

Mr W wasn't happy with this and asked Advantage to look at the claim again and revalue the car. They did so and, in short, came to a lower settlement offer of just under £2,000.

The offer appeared to be lower because Advantage valued the car at a lesser amount and because Advantage deducted more from the settlement for the price they could get for salvage.

Mr W wasn't happy with this and made a complaint to Advantage. He thought their valuation was too low. And he wasn't happy with the increase in the deduction for the salvage price. He was also unhappy with the service he'd received.

Advantage provided a final response to Mr W on 6 May 2022. They said their valuation and settlement offer were correct and wouldn't be changed. So, Mr W brought his complaint to us.

Our investigator looked into it. He thought the car valuation carried out by Advantage was fair and reasonable. But he thought the customer service provided to Mr W had been poor and he said Advantage should pay him £150 in compensation for his trouble and upset.

Mr W disagreed and asked for a final decision from an ombudsman. He still believes the car has been under-valued. He's unhappy he's been given two different settlement offers, which he says was confusing – and that one of them (from the contractor) is now not available to him. And he's still concerned that the salvage value of the car went up between the two offers.

It's fair to point out that Advantage also questioned our investigator's view. They don't accept that the service they (and their contractors) provided has been poor.. And they think our investigator took into account events which occurred after their final response to Mr W was

issued, which means they would be outside our jurisdiction.

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.

First of all, I note that it was Mr W who asked Advantage to revalue his car after the first offer he received from the contractor. He might have been expected to understand that the valuation could go up or down. Certainly, nothing he was told by Advantage or their contractor suggested that Mr W could wait to see which valuation took his fancy and then choose between them.

More fundamentally, I'm satisfied that Advantage have valued the car in line with the guidance our service provides on these matters. They use three industry trade guides. One was unable to provide a reliable valuation because it doesn't allow retrospective valuations showing the value of the car at the time of the loss.

Advantage took an average of the other two guides they used. We've looked at two further guides. One can't value the car because of its age. The other provided a value which was a significant outlier.

The trade industry guides provide a reasonably reliable indication of what the current prices are for cars at the point of sale. They reflect actual process paid for cars, not the prices at which cars are advertised – which may reflect the sellers' hopes and wishes rather than the final prices achieved.

I'm satisfied Advantage have valued Mr W's car fairly and reasonably. If their valuation differed from the one provided by their contractor, that may reflect different methods of valuation, but my main concern here is whether Advantage's valuation is fair - and, as I say, I'm satisfied it is.

Similarly, the difference in the deduction made for salvage prices will simply reflect the different deals Advantage and their contractor are able to achieve in the salvage market. There's nothing sinister about one being able to achieve a slightly higher price for salvage than the other.

So, I'm satisfied the settlement offer made by Advantage is fair and reasonable.

I'm sure Mr W will understand that there are certain advantages for Advantage in contracting out the handling of non-fault claims. In that context, it's not unreasonable for them to carry out their own research once the matter has been referred back to them – as it was in this case by Mr W – and then to stick to their own valuation and settlement offer once they've been put to that additional trouble.

Turning to the question of delays and poor service / communication, I disagree with Advantage's view that the service they provided was acceptable.

I accept that I can only look at events up to the time of the final response letter to Mr W. The Financial Conduct Authority rules – the dispute resolution (or DISP) rules – govern the way we operate. They say that our service can only consider a complaint once the respondent business has had a chance to answer and potentially resolve it themselves.

Mr W is aware that he can make another complaint about poor service after that date (6 May 2022). He'd need to make that complaint to Advantage in the first instance but would be

entitled to then bring it to us if he weren't happy with the outcome.

So, my reasons for saying Mr W should be compensated for his trouble and upset are slightly different from those initially given by our investigator. But they're not significantly different and/or different in principle.

I can see from the evidence we have on file that the claim was still not resolved by the time the final response letter was issued by Advantage. That was around two months after Mr W made the claim.

Advantage's claim notes suggest that at least some of that delay appears to have been due to the car not being re-allocated to an engineer in a timely manner. And I can see that Mr W had to chase progress on a number of occasions. He also appears not to have had the clearest and most timely responses to his queries about progress with the claim.

There also appears to have been a degree of confusion on Advantage's part as to how the contractor had arrived at their settlement offer to Mr W. In particular, Advantage seem not to have picked up that the contractor had deducted the salvage price from the offer they made.

I'm aware these internal discussions continued on after the date of the final response letter. But Advantage should have picked up the full story in mid-April 2022 when the contractor made their offer to Mr W and he then asked Advantage to look into things and provide a revaluation. Their failure to do so very likely led to further delays and lack of clarity.

I'm well aware that this was a two-way discussion and that Mr W's claim might have been settled earlier had he not asked for the revaluation etc. So, I'm not holding Advantage (and/or their contractor) responsible for all of the time it took to come to a final settlement offer.

But I'm satisfied on balance that there were avoidable delays (before 6 May 2022) which *were* Advantage's fault. And I'm satisfied their confusion translated into Mr W not getting a complete answer to his queries as quickly as he might have been entitled to expect.

Putting things right

In brief, I'm satisfied there were failings in the service provided to Mr W by Advantage and/or the contractors - for whom Advantage were ultimately responsible.

The delays and poor service caused a degree of inconvenience and stress to Mr W given that the claim was still unresolved and he was understandably concerned about what the outcome might be.

He was also inconvenienced by having to chase Advantage for progress and not always getting full and timely answers to his queries.

I'm satisfied, taking all of that into account, that £150 is fair and reasonable compensation for Mr W's trouble and upset.

My final decision

For the reasons set out above, I uphold Mr W's complaint.

Advantage Insurance Company Limited must pay Mr W £150 in compensation for his trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 16 August 2023.

Neil Marshall
Ombudsman