

## **The complaint**

Mr H complains about Advantage Insurance Company Limited's handling of his motor insurance claim.

Advantage is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As Advantage has accepted it is accountable for the actions of the agents, in my decision, any reference to Advantage includes the actions of the agents.

## **What happened**

In September 2022, Mr H's car was damaged in an accident involving another driver.

Advantage says it wasn't able to find an approved repairer in Mr H's area. Mr H provided details of a garage close to him at Advantage's request.

After some delay, Advantage deemed Mr H's car a total loss in February 2023. Mr H declined Advantage's settlement offer so it arranged for an engineer's report to be carried out in order to complete a revaluation.

In the meantime, Advantage sent Mr H an interim payment and he was informed that his hire car needed to be returned. Mr H's insurance policy was cancelled 30 days after the interim payment was raised.

Mr H complained to Advantage about the valuation of his car and the service he'd received. Advantage said it had used trade guides to value Mr H's vehicle and its valuation of £7,358 matched the average of the guides.

Advantage said the hire car had been arranged through the third-party insurer. It said there was no obligation for Advantage to provide a hire car, so it wouldn't extend or pay for additional hire. It said the insurance had been cancelled in line with Advantage's terms and conditions.

Advantage acknowledged delays in progressing Mr H's claim and the difficulties he'd experienced when calling Advantage. It paid Mr H £100 to compensate him for distress and inconvenience.

Mr H remained unhappy, so he asked our service to consider his concerns. In its submission to our service, Advantage said it would like to increase its offer of compensation to £300. Our investigator thought Advantage's valuation of the car was fair and reasonable. And she thought a total of £300 was enough to compensate Mr H for the distress and inconvenience he'd been caused.

Mr H disagreed with our investigator's outcome. He made some comments regarding miscommunication from Advantage and the length of time he'd had to spend on the phone. He said it had miscategorised his car as manual instead of automatic. There was miscommunication about his MOT and the courtesy car, and it had cancelled his insurance

incorrectly. He'd lost a few days of work from being without the car, which had cost him around £1,000.

He said Advantage had intended to fix his car but had wrongly allocated it to a garage hours away from where the car was. It had written off his car without his consent or prior discussion.

Mr H said he couldn't purchase a car with the amount Advantage had provided and attached some adverts for cars that were currently available.

As Mr H disagrees with our investigator's outcome, his complaint has been passed 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.

Having done so, I've reached broadly the same conclusions as our investigator. I'll explain why.

To be clear, in this complaint I have only considered events Mr H has complained of that occurred prior to Advantage's final response dated 3 April 2023. I'm aware that Mr H has raised some concerns about events that have occurred after that date. If he would like our service to consider these, he would need to bring them to us as a separate complaint.

I've considered everything Mr H has told our service, but I'll be keeping my findings to what I believe to be the crux of his complaint. I wish to reassure Mr H I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

### **Claim settlement**

The policy terms say that if a policyholder's car is damaged because of an accident, Advantage will do one of the following:

- *“Pay for any necessary repairs*
- *Replace your Car*
- *Repair the damage*
- *Pay the Market Value of your Car immediately before the loss”*

*Market Value” is defined 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. 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.”*

Advantage says it obtained a valuation of £6,727 from an industry trade guide. It says it wasn't able to obtain a value from another trade guide, so it looked at online examples for vehicles similar to Mr H's. Its engineers found a vehicle similar (which was an automatic) for £7,990. Advantage says it used an average of these two figures to reach its settlement offer of £7,358.

Our service has carried out our own vehicle valuation checks on Mr H's vehicle, using three trade guides. These valuations came out at £6,470, £6,413 and £6,725.

I understand that the vehicle is incorrectly recorded as a manual by the DVLA. Mr H has provided video evidence to show that the car is automatic. Advantage says the vehicle was set up as a manual when Mr H purchased his policy online. It was insured on that basis because Mr H didn't contact Advantage to make it aware he believed his vehicle to be automatic.

Our investigator arranged a vehicle valuation check for an automatic transmission vehicle of the same type, age and mileage as Mr H's. This came out with a valuation of £6,660.

I think it's reasonable for the market value to be assessed as the retail price Mr H would have to pay for a comparable vehicle at a reputable dealer. The fairest way of doing this is by using the standard industry guides. These are based on extensive national research of likely selling prices. They can provide valuations based on the make, model, age, condition and specification of a vehicle.

Mr H says he's been unable to source a vehicle for the amount Advantage offered and has provided a number of adverts for similar vehicles. Our service doesn't normally use adverts to decide whether a valuation is fair. This is because vehicles can end up being sold for lower than they were advertised. And differences in mileage or year of registration can have a big effect on the value of the same model of vehicle.

Advantage's settlement offer is higher than all of the trade guides, even taking into account the vehicle being automatic. So, I'm satisfied that the settlement offer Advantage made Mr H is reasonable and in line with the policy's terms and conditions.

I appreciate that Mr H is unhappy that Advantage decided to write off his car rather than arrange for it to be repaired. However, the engineer who inspected the car recommended it be dealt with on a total loss basis. Advantage has provided us with a copy of the garage's estimate from January 2023, which shows a total repair cost for his vehicle of around £7,100. So, I think it was reasonable for Advantage to have decided that the vehicle was uneconomical to repair.

#### Customer service issues

Mr H has complained about the length of time it took Advantage to deal with his claim. He says Advantage attempted to fix his car in a distant location despite his request for a garage closer to where he lives. It took it a month to respond to his request and when it did, it refused his choice for a nearby garage with no information about garages it did accept.

He says he's spent a considerable amount of time speaking to Advantage over the phone and emailing them. He also raised concerns about his hire car being taken from him and Advantage cancelling his policy.

Mr H says he missed at least three weeks of work and his mental health has been impacted as a result of the problems he experienced.

Advantage says the third-party insurer made the decision to end the car hire after about five months. The terms of the policy didn't entitle Mr H to a courtesy car. So, I'm not persuaded that Advantage is responsible for Mr H being left without a vehicle to drive.

The policy terms say:

*“If your claim is settled on a Total Loss basis and you don’t replace your Car within 30 days of being issued the settlement payment we’ll cancel your policy (in the case of a single Car policy).*

Advantage says it should have waited until 30 days after the re-evaluation amount was raised in mid-April 2023 before cancelling Mr H’s policy. But I haven’t seen anything that suggests Mr H was impacted by Advantage cancelling the policy before this. Given what it says in the policy’s terms and conditions, I don’t think it was unfair for Mr H’s policy to have been cancelled.

Advantage has acknowledged being responsible for several months of avoidable delays in dealing with Mr H’s claim. It’s paid him £100 in response to his complaint and offered him a further £200 after he came to our service.

Having considered the impact of Advantage’s errors, poor customer service and delays on Mr H I think a total of £300 is reasonable compensation for the distress and inconvenience he’s experienced. So, whilst I appreciate this will be disappointing for Mr H, I’m not persuaded to award compensation above the amount Advantage has already offered.

### **Putting things right**

Advantage should pay Mr H £200 for distress and inconvenience.

### **My final decision**

Advantage Insurance Company Limited has already made an offer to pay Mr H a further £200 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that Advantage Insurance Company Limited should pay Mr H £200.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr H to accept or reject my decision before 28 September 2023.

Anne Muscroft  
**Ombudsman**