

The complaint

Mr J has complained about the way Advantage Insurance Company Limited have handled his claim under his car insurance policy.

I appreciate Mr J dealt with an insurance broker representing Advantage on his claim, but, for the sake of ease, I've referred to Advantage throughout this decision.

What happened

Mr J's car was damaged in an accident. He made a claim under his policy. Advantage decided it wasn't economic to repair it and declared it a total loss. Mr J discussed this with Advantage and told them he'd like to retain the car. Advantage placed a market value on the car of £2,322 and eventually offered this, less the policy excess, in settlement of Mr J's claim. Unfortunately, Advantage's salvage dealer sold the damaged car, so Mr J wasn't able to retain it.

Mr J complained to Advantage about the amount they'd offered in settlement of his claim and the fact their salvage dealer had sold his car. Advantage apologised for the fact Mr J's car had been sold and offered him £75 in compensation for the distress and inconvenience this had caused him. They then increased their offer to £250. They maintained their settlement offer for Mr J's car was correct and wouldn't increase this.

Mr J asked us to consider his complaint. When he did so originally he said he'd not been paid the compensation Advantage had offered or the settlement amount he'd been offered for his car. When submitting their file on the complaint to us Advantage told us they'd like to increase their offer of compensation for disposing of Mr J's car against his wishes to £500 in total, ie they offered to pay him a further £250.

One of our investigators considered Mr J's complaint. She felt the amount Advantage had offered in settlement of Mr J's claim for his car was fair, based on her research on the likely cost to Mr J of replacing his car. She also thought the £500 Advantage had offered in total as compensation for disposing of Mr J's car was fair.

Mr J didn't agree with the investigator's view, so his complaint was referred to me for a decision.

I issued a provisional decision on 13 June 2023 in which I set out what I'd provisionally decided as follows:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr J's policy with Advantage required Advantage to pay him the 'market value' of his car at the time it was damaged, less the policy excess. The 'market value' is defined as the cost to Mr J of replacing his car with one of a similar make, model, mileage and age.

Mr J has said his car was a very nice and quite rare example and that it will cost him a lot

more than £2,322 to replace it. He's provided some adverts for what he's suggested are similar cars for sale, along with invoices showing he'd spent a considerable amount both maintaining and improving his car. Advantage have also provided some adverts.

Only one of the adverts provided by Mr J is for a car of the same make, model and age as his car. And this has a much lower mileage than Mr J's car had. This car was advertised for sale at £6,975. I think both the adverts provided by Advantage are relevant, as they are both for cars of the same make, model and age. One is for a similar car with a much lower mileage, which was advertised for sale at £3,000. The other is for a similar car, but it has a slightly higher mileage. This was advertised for sale at £1,495. Because Mr J's vehicle was so old, only one of the trade guides we use to check the likely selling cost of cars returned a valuation. This was £1,583.

I don't doubt Mr J saw his car as a lovely example and that he'd spent a considerable amount of money maintaining it, even having a new soft top fitted. But the evidence I have to consider does not suggest it would have cost any more than what Advantage have suggested to replace it. In fact, the evidence I've seen actually suggests it probably would have cost less than this. I do of course appreciate what it costs to buy this type of car can vary a lot and sometimes people are willing to pay more to get a particular car. But, based on the evidence I've seen, I'm satisfied that the amount Advantage paid in settlement of Mr J's claim was in line with the terms of his policy and was fair.

Advantage should not have allowed their salvage dealer to dispose of Mr J's car, as they'd agreed in principle he could retain it. And this is what I'd have expected them to do if he wished to do so. So, it's clear that Advantage's error in this regard has caused Mr J a great deal of distress and inconvenience. But I don't believe it has caused him a financial loss. I say this because, I consider what Advantage have paid Mr J for his car should be enough for him to buy a suitable replacement. However, the significant level of distress and inconvenience he's experienced warrants a compensation payment. And the amount Advantage offered him originally wasn't enough. But I'm satisfied their increased offer of £500 is enough based on our usual approach to awards for distress and inconvenience. It's not clear whether Advantage have actually paid Mr J the £250 they offered him in compensation originally, but I am assuming they have. So this means they will need to pay him a further £250.

Mr J also complained about the length of time Advantage took to deal with his claim and they have not addressed this issue. Mr J originally made his claim in November 2022 and it took Advantage until late January 2023 for them to make an offer to Mr J in settlement. And it wasn't until 22 February that Advantage actually sent a cheque for the amount they'd offered. This means Mr J was without the funds to replace his car for much longer than should have been the case. I say this because I think it should only have taken Advantage a month or so to assess his car, offer settlement and pay what it had offered. This delay would have been frustrating for Mr J in itself and made it difficult for him to decide what to do about replacing his car. It also meant he didn't have a car and he has said he had to use public transport in this period instead. And I think this warrants a further payment in compensation for distress and inconvenience, including loss of use of £300.

I gave both parties until 27 June 2023 to provide further comments and evidence in response to my provisional decision.

Advantage haven't provided any further comments or evidence.

Mr J has responded to say he is disappointed with my provisional decision, considering how much he has been impacted by Advantage's error. He still believes the value of his car was much higher than Advantage and I have suggested. He has pointed out it was a rare car and

it is hard to find an exact match to get a true valuation. He doesn't think the compensation I've suggested is reasonable for distress inconvenience award fairly reflects what he's gone through. This is because he had to purchase another car without knowing it's true history and he wouldn't have had this dilemma if he had kept his own car.

Mr J has also let us know that he has received any compensation from Advantage other than what it offered for his car as yet.

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.

I do of course appreciate Mr J's view on the market value of his car. However, I have to base my decision on whether Advantage paid enough for it on the evidence available. And while the car may have felt like a very rare and nice example to Mr J, which is understandable, there's nothing I've seen which persuades me it wouldn't have been possible for him to replace it with a similar car for the market value placed on it by Advantage.

I also appreciate the additional distress and inconvenience he experienced because Advantage allowed his car to be sold by their salvage dealer. But my compensation award for this is in line with the awards for distress and inconvenience we usually make in this sort of situation. And I am satisfied it is appropriate to compensate Mr J.

As neither Advantage nor Mr J have commented on my suggested additional amount of £300 for loss of use, I see no reason to alter my view that Advantage should also pay this.

Putting things right

For the reasons set out above and in my provisional decision, I've decided to uphold Mr J's complaint and make Advantage pay him a total of £800 in compensation for distress and inconvenience and loss of use. This is on the basis that all Advantage have paid Mr J so far is what they offered for his car.

My final decision

I uphold Mr J's complaint and order Advantage Insurance Company Limited to pay him £800 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 26 July 2023.

Robert Short
Ombudsman