

The complaint

Mrs M complains about how Advantage Insurance Company Limited handled a claim she made on her motor insurance policy.

Advantage, as the underwriter of the insurance contract, is responsible for this complaint. References to Advantage also includes its agents.

What happened

The details of the claim are well known to both parties, so I won't repeat them again here. Instead, I'll summarise the background.

Mrs M's car was damaged in an accident on 21 August 2022. The car was given back to her on 20 September. She called Advantage the same day to let it know there was accident-related damage which hadn't been repaired. Also, further damage had been caused unrelated to the accident and an engine warning light was on.

On 23 September, Advantages agent, V, asked Mrs M for information about the further damage and this was responded to swiftly. However, Mrs M says nothing further was heard to arrange for her car to be inspected or repaired. At various times she chased Advantage for an update and to progress matters and was told V would be in touch but didn't hear anything from them. Further complaint points were raised by Mrs M in this time.

On 14 October, V directed Mrs M to the garage who had done the repairs but also said her car may have been damaged by the salvage company when storing her car while it was considered a total loss. By the end of October, Mrs M contacted Advantage again but no progress had been made with her car or the complaint she'd made.

Due to the lack of communication about what was happening to repair her car, and as she needed a car for work and her family, Mrs M felt she had no choice but to buy a new car and use her own car in part exchange as a deposit. She says she was also incurring extra costs as she didn't have a useable car and left it as long as she could before trading her car in in the hope things would be resolved. When she did part exchange her car on 31 October 2022, due to the damage it had sustained, this was at a significantly reduced amount compared to its actual value.

As mentioned, Mrs M complained to Advantage about the handling of her claim during this matter. Advantage issued two final response letters (FRLs). In one FRL, it acknowledged there had been delays and a lack of updates and offered Mrs M compensation of £60 for this but didn't accept Mrs M's main complaint points.

Mrs M brought her complaint to this service for an independent review. Ultimately, the Investigator explained V weren't as proactive as they should have been. And Advantage should've done more to ensure the claim was progressing, particularly given the number of times it was contacted about this by Mrs M and the points raised by her. As it failed to do this, Mrs M incurred a financial loss she wasn't expecting. This caused additional distress and inconvenience. The Investigator asked Advantage to take steps to put things right

including requiring it to pay the difference between the market value of Mrs M's car and the amount she was given for the part exchange.

In response, Mrs M asked a couple of queries which were answered by the Investigator. As Advantage didn't respond, this matter was passed to me for a 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.

Where there's a dispute about what happened, I've based my decision on what I think's more likely to have happened in light of the evidence.

I recognise I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by the parties involved. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this and it reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I've given careful consideration to all of the submissions made before arriving at my decision and I'm satisfied I don't need to comment on every individual argument to be able to reach what I consider to be a fair outcome.

Having done so, I must tell Advantage I think the Investigator has reached a fair outcome here. So, I uphold the complaint in this matter and require Advantage to take the steps outlined below to put things right. I'll explain why.

Advantage's notes state damage was caused to Mrs M's car because it was moved by the salvage agent using a forklift. I can't see Mrs M was made aware of this but, when the car was returned to her, she brought the further damage and missed repairs to Advantage's attention straight away. I can't see Advantage took any proactive steps to resolve this directly with Mrs M and there was minimal correspondence with her in the time I'd have expected it to resolve the issues raised. Nor has Advantage been able to provide evidence V contacted Mrs M to do this on its behalf. I therefore consider it more likely Mrs M was put in a position where she had to mitigate her loss. She did this by buying another car and using her own car in part payment towards this. In light of the damage sustained (both accident related damage which wasn't fully repaired and additional damage caused while her car was with Advantage's agents), this was at a significantly reduced value. I consider these steps to have been reasonable in all the circumstances.

Under ICOBS 8.1 Advantage must handle claims promptly and fairly, provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress and settle claims promptly once settlement terms are agreed. Given the lack of evidence provided by Advantage to show it complied with ICOBS 8.1, I uphold Mrs M's complaint.

I haven't seen representations from either party that the Investigator's recommendations for Advantage to put things right aren't a fair or reasonable way to resolve the complaint. I therefore don't see any reason to substantially depart from them.

I turn now to the car seats in Mrs M's car at the time of the accident. At the time the second FRL was sent to her, Advantage was waiting for Mrs M to send it evidence of the cost of the new car seats. This isn't an unreasonable position for Advantage to take at the time and I haven't seen any evidence this had been sent to Advantage sooner. From the claim notes, I understand a settlement sum of £300 for car seats has since been approved and paid to Mrs M in May 2023. If payment hasn't been received and the evidence was sent to Advantage,

Mrs M would need to raise this as a further complaint with Advantage, giving it the opportunity to investigate and respond in the first instance.

I also note Mrs M was unhappy the matter has been recorded as a fault claim and an excess taken. It's also impacted her no claims discount (NCD). In the second FRL, Advantage explained this is because liability hadn't been confirmed nor any amounts recovered from the third party. Given the position of the claim at the time of the second FRL, I haven't seen anything to suggest this was unreasonable at the time. However, if Mrs M is unhappy with the position once these issues are finalised, this would also need to be raised with Advantage as a new complaint issue.

Putting things right

To put things right, Advantage Insurance Company Limited should do the following:

1. Pay the difference between £2,033 (the part exchange amount Mrs M was given for her car) and the market value of Mrs M's car on the date Mrs M had the accident (21 August 2022).
2. Add 8% simple interest to the amount under point 1 from 31 October 2022 (the date Mrs M sold the car) to date of settlement.
3. Pay £10 per day loss of use to Mrs M for the period from 20 September to 31 October 2022.
4. Pay a further £150 compensation for the distress and inconvenience caused to Mrs M.

My final decision

For the reasons set out above, I uphold Mrs M's complaint and require Advantage Insurance Company Limited to take the steps set out above to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 31 October 2023.

Rebecca Ellis
Ombudsman