

## **The complaint**

Mrs S complains about Advantage Insurance Company Limited's handling of her 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 August 2022, Mrs S made a claim under her motor insurance policy with Advantage after her car was damaged in an accident. Advantage deemed Mrs S's car a total loss. It made her a final cash settlement offer of £6,500 (less the policy excess), noting that Mrs S wanted to keep the car.

A couple of weeks later Mrs S raised a complaint with Advantage. She hadn't received the cash settlement she'd been promised. She'd also found out that her car had been sold, despite her asking to retain it. Mrs S said a buyer had offered her £3,000 for the damaged vehicle. She also raised concerns about difficulties getting through to Advantage on the phone and it not responding to her emails. Mrs S said she'd had to borrow cars from friends and had paid around £420 to insure them.

Advantage said Mrs S hadn't confirmed that she wanted to retain her vehicle until after it had been sold. It apologised for delaying Mrs S's payment for a few weeks because it had recorded her bank's sort code incorrectly. It paid her £100 to compensate her for the delay in issuing the payment and some other customer service issues.

Mrs S remained unhappy and asked our service to consider her complaint. In the meantime, Advantage said it would like to offer Mrs S a further £350 compensation. It acknowledged that Mrs S had made her intentions regarding retention of the vehicle clear before it had been sold. It said it had failed to safeguard her vehicle and accepted there was a loss of expectation.

Our investigator put Advantage's offer to Mrs S but she didn't think this was enough to put things right. She said Advantage's letter clearly stated that it had already deducted the amount it would have received from selling the car to the salvage company. She said she was still at a loss of £3,000 plus more for having to hire cars whilst the matter remained unresolved.

Our investigator thought Mrs S's complaint should be upheld. She thought the compensation Advantage had offered Mrs S for distress and inconvenience was sufficient. But she didn't think the cash settlement Advantage had paid Mrs S was fair because it seemed to have deducted an amount for salvage, when Mrs S didn't retain the car. Our investigator recommended Advantage pay Mrs S £902.50 (plus interest) to make up the shortfall from the market value of the vehicle.

Advantage didn't respond to our investigator's outcome. So, Mrs S's 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.

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.”*

The terms also say:

*“As soon as a Total Loss settlement is agreed and paid by your Insurer, your Insurer is entitled to take possession and ownership of your Car and any salvage shall become your Insurer’s property.”*

However, Advantage has acknowledged that it already sold the car before agreeing and paying the settlement to Mrs S. Moreover, the settlement was agreed on the basis of Mrs S retaining the car.

Advantage's email confirming the final settlement of £6,055 would be paid to Mrs S says:

*“After our engineers valued your vehicle at £6500.00, we deducted £445 for your excess.*

*As you're keeping your car, we've deducted the amount we would have received from selling your car to a salvage company.”*

So, Advantage doesn't appear to have paid Mrs S the full market value of her vehicle, even though it wasn't returned to her.

Advantage has provided screenshots of two industry trade guides which show valuations of £7,251 and £7,480. Our investigator calculated the market value of the vehicle to be £7,402.50 using an average of four trade guides. So, I think it would be fair for Advantage to pay Mrs S £902.50 to make up the shortfall in the settlement. It should also add interest at 8% simple per year to compensate her for the time she was deprived of the money.

I appreciate Mrs S feels she has lost out on £3,000 because her friend offered to buy the damaged car from her for that amount. However, her friend's email says he verbally agreed to purchase the car for £3,000 after seeing photographs of the damage. This was after

offering Mrs S £5,000 for the car shortly before the accident. Advantage engineers report suggests the cost of repairs would be more than the market value of the car. So, I think it's unlikely Mrs S's friend would have paid her £3,000 for it once he'd had the opportunity to inspect the damage.

Mrs S has also complained that she needed to purchase short term insurance to drive friends' cars. I appreciate Mrs S's settlement payment was delayed by a few weeks. However, I haven't seen evidence of the £450 Mrs S says she had to pay or anything to show me that this was a necessary cost she incurred as a result of a delay in receiving Advantage's payment.

Advantage has already paid Mrs S £100 to compensate her for poor customer service and it's offered her a further £350. I think this fairly recognises the distress and inconvenience she's experienced from not being able to retain the car as she'd hoped. So, I think Advantage should pay Mrs S the £350 it's offered if she accepts my decision.

### **Putting things right**

Advantage should:

- Pay Mrs S £902.50 to make up for the shortfall in the settlement for her vehicle.
- Add interest to the above at 8% simple per year\* calculated from the date the cash settlement was agreed to the date the payment is made.
- Pay Mrs S the additional £350 it's offered for distress and inconvenience.

\*If Advantage considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs S how much it's taken off. It should also give Mrs S a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons I've explained, I uphold Mrs S's complaint and direct Advantage Insurance Company Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 1 September 2023.

Anne Muscroft  
**Ombudsman**