

The complaint

Mr N complains that Advantage Insurance Company Limited (“Advantage”) mishandled a claim on his motor insurance policy.

What happened

The subject matter of the claim and the complaint is a car of a premium brand and first registered in about 2016.

Mr N acquired the car in December 2019 (according to the policy documents). Mr N has told us the car was on a lease and was due to be handed back in late 2022.

For the year from early August 2021, Mr N had the car insured on a comprehensive policy. The policy was branded with the name of an insurance intermediary. Advantage was the insurer that was ultimately responsible for dealing with any claim.

Much of the complaint is about acts or omissions of the intermediary and claims-handlers on behalf of Advantage. Insofar as I hold Advantage responsible for them, I may refer to them as acts of omissions of Advantage.

In January 2022, the car suffered cosmetic damage to its front in an accident.

Mr N left it until mid-May 2022 to make a claim on the policy.

Mr N complained to Advantage about delay.

By a final response dated late June 2022, Advantage acknowledged delay that month and said it was sending Mr N £100.00.

Advantage paid for electrical repairs. Mr N paid a £750.00 policy excess.

The car also needed bodywork repairs. In late July 2022, Mr N got a repairer’s estimate of £2,881.29 for such repairs.

Mr N again complained to Advantage about delay.

By a final response dated 15 October 2022, Advantage acknowledged further delay and said it was sending Mr N a further £50.00.

Shortly afterwards, an independent assessor estimated the cost of bodywork repairs at £2,336.72. Advantage proposed a settlement of that amount. By an email dated 25 October 2022, Mr N said it was unfair he should pay the additional £544.57 toward his repairer’s estimate of £2,881.29.

On 1 November 2022, Mr N contacted us. He said that the proposed settlement left him out of pocket and Advantage had been responsible for poor service.

By a short form of final response dated 3 November 2022, Advantage said the complaint was resolved.

Mr N asked us to investigate.

In mid-November 2022, Mr N paid his repairer £2,881.29.

our investigator's opinion

Our investigator recommended that the complaint should be upheld.

At first, the investigator thought that settlement had been made in line with the independent assessor's report dated mid- October 2022, so he wasn't asking Advantage to pay any further settlement. He recommended that to fully resolve things, a further £100.00 compensation should be considered.

Later the investigator changed his recommendation. He thought that Advantage should've provided more options to Mr N or asked for more quotes to further consider the settlement. The investigator recommended that Advantage should pay Mr N:

1. £544.57 which is the difference between the report and the invoice from his repairer; and
2. 8% simple interest on this amount from 16 November 2022 (the date Mr N paid the invoice), up to the date of the investigator's revised opinion (11 May 2023).

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr N and to Advantage on 9 July 2023. I summarise my findings:

In the absence of any answers from Advantage, I concluded that Advantage didn't offer Mr N the option of a repairer authorised and paid for by Advantage in line with the estimate in the report. I considered that this cast doubt on whether Advantage had access to a prompt repair in line with the estimate in the report. And Mr N had said that he would've accepted such an offer.

Subject to any further information from Mr N or from Advantage, my provisional decision was that I upheld this complaint in part. I intended to direct Advantage Insurance Company Limited to pay Mr N – in addition to its previous payments:

1. £544.57 for the additional cost of repairs; and
2. simple interest on £544.57 at a yearly rate of 8% from 16 November 2022 to the date of reimbursement. If Advantage considers that it's required by HM Revenue & Customs to deduct income tax from this interest, it shall tell Mr N how much it has deducted and provide him with a certificate so that he may reclaim the tax if appropriate; and
3. £100.00 for distress and inconvenience.

Neither Mr N nor Advantage has responded to the provisional decision. So I see no reason to change my view

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.

Advantage's policy terms included the following:

"Your Insurer will do one of the following:

- Pay for any necessary repairs*
- Replace your Car*
- Pay the Market Value of your Car immediately before the loss"*

That doesn't say who is to arrange repairs. But the policy terms also included the following:

"How the Insurer will deal with your claim for accident...

If your Car is damaged, your Insurer will pay the reasonable cost of protecting your Car and taking it to the nearest suitable Nominated Repairer or a place of storage. Where appropriate they'll also pay the reasonable cost of returning it after repair to the address shown on your schedule."

From that, I consider that the policyholder had a reasonable expectation that the insurer would find and instruct a suitable repairer as well as paying for repairs.

I accept that Mr N left it a few months before making his claim. I also accept that he wanted the electrical repair done by a garage franchised by the car-maker. In June 2022, Advantage acknowledged that there had been delay (on its part). As I understand it, the franchised garage did the electrical work but couldn't do the bodywork repair.

By late July 2022, Mr N had got an estimate from another repairer. However, I don't accept that the evidence shows that Mr N wanted to use that repairer in preference to any repairer arranged by Advantage.

By mid-October 2022, there had been a significant delay in Advantage getting an independent report on the estimated cost of repair. Then the report gave a figure of £2,336.72 and I can see why Advantage offered that amount.

However, the investigator's questions to Advantage were as follows:

"email dated 25 October 2022 states Mr [N] is unhappy to pay the extra costs – at this point what evidence is there [Advantage] offered alternatives on the basis [Advantage] were aware Mr [N] wasn't happy to pay the additional costs?

contact note 6 June 2022 says [Advantage] would only consider Mr [N's] quotes. Why?

Where is the evidence [Advantage] told him to get other quotes?

where is the evidence Mr [N] was given options in how to resolve the claim from the outset?

it's evident the labour costs were higher so why couldn't [Advantage] arrange their own repairer to complete the works? Mr [N] said he would've been happy for this so why wasn't it offered?

you've said he only wanted to use his own repairers but there's no evidence of this – if so please provide it. However, as mentioned above, there is evidence he wasn't happy to pay the extra costs - so it's evident he wasn't happy to use his own repairer."

In the absence of any answers from Advantage, I conclude that Advantage didn't offer Mr N the option of a repairer authorised and paid for by Advantage in line with the estimate in the report. I consider that this casts doubt on whether Advantage had access to a prompt repair in line with the estimate in the report. And Mr N has said that he would've accepted such an

offer.

Putting things right

So I agree with the investigator that it's fair and reasonable to direct Advantage to pay Mr N the additional cost of repairs of £544.57. Mr N has been out of pocket since about 16 November 2022 and will continue to be out of pocket until Advantage reimburses him. So I'm minded to find it fair and reasonable to direct Advantage to pay interest at our usual rate from that date until the date of reimbursement.

My review of the file has noted a lack of proactivity – and sometimes of responsiveness - by Advantage. I consider that its standard of communication fell below a reasonable standard and amounted to poor service.

I've thought about the impact of that on Mr N. I've seen that he felt that Advantage was ignoring him and he had to spend time chasing Advantage for progress and information. That went on from May or June 2022 until November 2022. I take into account that Advantage tried to put things right by its payments of £100.00 in June 2022 and £50.00 in October 2022. But I don't consider that this went far enough.

I find it fair and reasonable to direct Advantage to pay Mr N a further £100.00 for distress and inconvenience.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Advantage Insurance Company Limited to pay Mr N – in addition to its previous payments:

1. £544.57 for the additional cost of repairs; and
2. simple interest on £544.57 at a yearly rate of 8% from 16 November 2022 to the date of reimbursement. If Advantage considers that it's required by HM Revenue & Customs to deduct income tax from this interest, it shall tell Mr N how much it has deducted and provide him with a certificate so that he may reclaim the tax if appropriate; and
3. £100.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 23 August 2023.

Christopher Gilbert

Ombudsman