

The complaint

Mrs J complains about the standard of service and the settlement payment offered by Advantage Insurance Company Limited (Advantage) following a claim she made under her motor insurance policy.

Mrs J is represented by her son Mr J in her complaint. I will refer to Mrs J in my decision for ease.

What happened

Mrs J's car was damaged in a collision with another vehicle in September 2022. She says the other driver didn't stop. She contacted Advantage to make a claim and was told a courtesy car would be provided. It wasn't. She says the time spent waiting for calls to be answered was excessive. Delays also occurred when Advantage arranged collection of her car, and in organising an inspection of the damage.

Mrs J says Advantage eventually told her the car was a total loss in mid-October 2022. She says she was without a car from mid-September whilst this was being decided. Mrs J says AXA's settlement offer was too low and it then increased it in stages, causing further delays. She asked AXA for a fair settlement figure and compensation for its poor claim handling and the distress and inconvenience this caused.

In its complaint response Advantage says a courtesy car isn't provided under Mrs J's policy when a vehicle is deemed a total loss. It says the total loss decision was made on 28 September 2022, a week after the loss incident. It says it doesn't think its decision was delayed.

Advantage says Mrs J was informed a hire car was being arranged. This wasn't provided for under her policy but was offered outside of its usual process. It says this was because of Mrs J's circumstances. However, it says a courtesy car wasn't actually supplied. This is because prior to doing so it had concluded her car was a total loss. It paid £30 to Mrs J for the inconvenience this caused.

Advantage says it offered a settlement payment based on the industry trade guides. It discounted the valuation of the car for it being a previous total loss. This was a mistake as it hadn't been a total loss previously. An increased settlement offer was then confirmed but this delayed a payment being provided. Advantage says there was a delay in collecting Mrs J's vehicle for inspection due to an error on its part. This delayed matters by around 13 days. Because of these issues it says it offered a further £100 compensation.

Mrs J wasn't satisfied with this outcome and referred the matter to our service. Our investigator upheld her complaint. He says Advantage is responsible for the delay in locating and inspecting Mrs J's car. And the delay in confirming a settlement payment. He says the initial total loss decision was based on photos of the damage. But the claim notes say an engineer was needed to substantiate this decision. This wasn't done until around three weeks after the loss incident.

Our investigator says that because of Advantage's error with its initial settlement offer, and the delay confirming a total loss decision, it should've provided a courtesy car for Mrs J at an early stage. He says Advantage should pay Mrs J a further £450 compensation. In addition, it should pay her £229 to reflect the higher average valuation from the trade guides our investigator had obtained.

Advantage didn't agree to this outcome. It says its willing to pay £299 to reflect the higher valuation. But it didn't agree that further compensation is warranted.

As an agreement couldn't be reached the complaint has been passed to me to decide.

I issued a provisional decision in July 2023 explaining that I was intending to uphold Mrs J's complaint in part. Here's what I said:

provisional findings

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 my intention is to uphold Mrs J's complaint. I've arrived at a different outcome to our investigator, so I want to allow both parties time to consider this and provide any comments before I make a final decision. Let me explain why I think my decision is fair.

I can see from the information provided that Mrs J contacted Advantage to register a claim at the time of the incident in September 2022. I've thought about her comments that she expected a courtesy car to be provided, and that this had been promised by Advantage's agent. I've read her policy terms to understand the cover provided in these circumstances. The terms say:

"About the replacement car service

- You won't be eligible for a replacement car if your Car is stolen or considered to be a Total Loss/write-off*
- The replacement car service is only available if you are making a claim under Section 1 or 2 of the policy and the repair is being done by your Insurer's Nominated Repairer*
- The replacement car will be provided by your Insurer's Nominated Repairer*
- The service is only available while your Car is being repaired."*

From the claim records an entry dated 28 September 2022 says the vehicle is likely to be a total loss. This decision was based on images of the damage. The records show a settlement offer for £5,406.50 was communicated on 21 October 2022.

I acknowledge what Advantage says about mistakenly discounting the valuation due to the car being a previous total loss. This is shown in the records as the settlement offer was subsequently increased.

Having considered this point I think the terms are clear that a courtesy car isn't provided in the case of a total loss decision. However, we expect Advantage to reach this decision quickly so that Mrs J had the funds available to buy a replacement car. I don't think a decision was made quickly here.

A record dated 30 September 2022 says an in-house engineer was to check if Mrs J's car is repairable or a total loss. Advantage received a call from Mrs J on this date asking for an update. The records say she was told the 'evaluation' will take up to seven days. The engineer report Advantage has provided shows the inspection didn't take place until 18

October. This says the repairs are likely to cost in excess of £13,000. With the engineer's suggested valuation of the car at £7,618, which was based on an industry trade guide valuation.

I think this reasonably supports the total loss decision. But this should've been confirmed sooner.

Advantage acknowledges it provided inaccurate information to its agent which caused the delayed inspection. It paid Mrs J £100 compensation for this. However, the first settlement offer wasn't communicated to Mrs J until 21 October 2022. A payment was made on this date. But this was inaccurate as it had been discounted in error. Advantage then took a further five days for the valuation to be reviewed and an increased offer confirmed. Five days after this the records show a further payment was made to reflect the difference between the higher and lower valuations.

In its submission to our service Advantage says it expects claims like this to be settled within 14 days of the total loss decision. It says the decision was made on 28 September 2022 and the first payment was made on 21 October. I note its view that this represents a nine-day delay. Advantage says it has acknowledged this delay within the £100 compensation payment it provided.

Having considered the evidence I don't think it's clear that a final decision was made on 28 September 2022. The records show that an in-house engineer's opinion was required to confirm the car was beyond repair. The implication is that the final decision had yet to be confirmed at this time. Due to delays on Advantage's part, it then took a further three weeks to make a settlement offer that wasn't communicated until 21 October.

Advantage initially agreed for a courtesy car to be provided. This was on account of Mrs J's circumstances, given she is elderly and needed transport for her husband's hospital visits and other daily tasks. This was cancelled when the initial total loss decision was made based on photos of the damaged car. I don't think this was fair.

Advantage took a lot longer to confirm the car was a total loss than 28 September 2022 and to then offer a settlement payment. It was distressing and inconvenient for Mrs J, and her husband, to be without a car for this period. She explains how the area where she lives has little public transport and taxis were too expensive. This meant missing hospital visits and not being able to go to the shops to buy food.

In these circumstances I think it's reasonable that Advantage should've provided a courtesy car when it said it would. The request it sent to its agent for this to happen was made on 23 September 2022. Because of this I think it's fair that it pays Mrs J for the loss of use of her car, from this date until the first settlement payment was made on 21 October. Our service considers £10 a day a fair amount to compensate for the loss of use of a vehicle. So, Advantage should base its payment on this amount.

I've also thought about Mrs J's concerns that the settlement payment Advantage provided wasn't fair.

I understand Mrs J wants the best offer she can get following the total loss decision. Having read her policy terms, the policy provides the market value in the case of a total loss. We don't provide valuations for vehicles but rather we look to see whether the insurer's offer is reasonable. In assessing whether a reasonable offer has been made, we obtain valuations from the motor trade guides.

These guides are used for valuing second-hand vehicles. We find these guides to be

persuasive because their valuations are based on nationwide research and likely sales figures. The guides also consider regional variations. We also take all other available evidence into account, for example, engineer's reports.

Our investigator obtained valuations from four trade guides that we use. I can see he used the correct information for Mrs J's car. These gave an average valuation of £7,978. AXA's final offer was for £7,749, using two of the trade guides. Valuing second-hand cars isn't an exact science, so I'd expect there to be a range of values. But the difference between the two averages comes to £229. Given the value of Mrs J's car, this isn't an insignificant amount, so I agree with our investigator that Advantage should pay the difference to Mrs J.

Advantage acknowledges the delay in collecting Mrs J's vehicle for inspection, the error it made in the initial valuation, as well as the long call waiting times, and the disconnections that occurred. In total it paid £130 compensation for these issues. Having considered the evidence, I think it's reasonable for Advantage to compensate Mrs J for these failings. But I think the payment it made is fair.

In summary I don't think Advantage treated Mrs J fairly given the time it took to provide a fair settlement payment. It should pay £10 per day for the loss of use of Mrs J's vehicle and pay £229 to reflect the higher valuation. I don't think the standard of service provided was to a good standard, but I think Advantage has been fair in the compensation payment it made to acknowledge this.

I understand Mrs J has raised a complaint relating to the retention of the salvage of her car and the total loss category. This is being dealt with separately. So, I can't comment on these points in my decision here.

I said I was intending to uphold this complaint in part and Advantage should:

- pay Mrs J £10 per day for the loss of use of her car for the period from 23 September 2022 to 21 October; and
- pay Mrs J £229 to reflect the higher average valuation for her car.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Advantage says it wasn't sure if all communication between it and Mrs J had been shared with our service. It says it offered an additional £200 compensation as well as the £299 increase in its total loss valuation. Advantage says this was on top of the compensation it had already paid for its delays.

Mr J responded at length on behalf of Mrs J. He's provided a copy of the welcome letter Advantage sent to his mother in June 2022. He points to the section of this letter that says a "replacement car" is included in the cover. He also says the courtesy car that was arranged was cancelled at the last minute without informing his parents. Mr J says this resulted in him questioning his mother as to whether she had misheard what was agreed. He says this caused Mrs J to become distressed.

Mr J says £10 per day compensation doesn't cover the cost of hiring a replacement car. He says it would cost more like £60 per day, which wasn't affordable.

Mr J says the mistake with the total loss deduction was explained but not the second low offer Advantage made. He comments that the business was acting deceitfully and was running out of excuses.

In his response Mr J highlights the reliance his parents had on their car for everyday tasks and to maintain their independence. He says this claim has resulted in a horrendous experience, which is still not resolved.

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.

In my provision decision I said Advantage should pay Mrs J £10 per day from 23 September 2022 up to 21 October. I think this is fair as it covers the period from when Advantage notified its agent to provide a courtesy car, up until the point the first settlement payment was provided. Mrs J had the opportunity to use this money to buy a replacement car at this juncture.

I acknowledge Advantage's offer to provides a payment for £200 – but this is less than I thought fair to compensate Mrs J for the loss of use of her car. Because of this I'm not persuaded to change my decision.

I've read the welcome letter Mr J provided. I don't dispute that it says a replacement car is included in the policy benefits. But it also says, "*For full details, see your car policy document*". This is set out beneath the section highlighted. Mrs J's policy terms state the conditions under which a car will be provided. This excludes when the insured vehicle is a total loss.

In these circumstances I think it's fair that Advantage provides a loss of use payment to compensate Mrs J. This is because of the delays in dealing with her claim. But I think the payment I set out fairly acknowledges the inconvenience for the period Mrs J was without her car. This isn't intended to mirror the cost of a hire car, but to compensate for the inconvenience caused.

I note Mr J's comment about Advantage's settlement offers being too low. Having obtained valuations ourselves from the industry trade guides I don't think it paid enough. However, in providing an additional £299, as well as a total of £130 in compensation for its delays, I'm satisfied this represents a fair outcome.

I'm sorry Mrs J has been distressed by Advantage's handling of her claim. But I think the decision I have set out is fair. So, I won't be changing it.

My final decision

My final decision is that I uphold this complaint in part. Advantage Insurance Company Limited should:

- pay Mrs J £10 per day for the loss of use of her car for the period from 23 September 2022 to 21 October; and
- pay Mrs J £229 to reflect the higher average valuation for her car.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 28 August 2023.

Mike Waldron
Ombudsman