

The complaint

Mrs B complains about Advantage Insurance Company Limited's (Advantage) poor service and low settlement offer, following a claim under her home insurance policy.

What happened

Mrs B contacted Advantage to make a claim for accidental damage. She told Advantage that her car had rolled into the garage pillars and caused damage. She said that she contacted a neighbour and he propped up the garage to prevent further damage.

Advantage asked Mrs B to provide photos of the damage and a quote from the independent contractor, which she did. She then instructed the contractor to carry out the repairs. This cost Mrs B £2,851.20.

Mrs B said that she had to use her savings in addition to her credit card in order to settle the invoice. Mrs B sent the invoice to Advantage for reimbursement. Advantage sent a surveyor to carry out an assessment. Its surveyor priced the repair costs.

Following on from this, Advantage offered Mrs B £1,309.72 (which had the excess deducted). It said that the offer was based on what it would've cost them to carry out the repairs, so this was the limit of its liability.

Mrs B complained not only because of the settlement, which she said was far too low, but also for a variety of poor service issues, such as failed call backs and issues she faced when logging the claim online. And that Advantage hadn't informed her that the surveyor was working on its behalf.

In its final response, Advantage maintained its position regarding the settlement offer. It said that had it carried out the work, the amount it offered, would've been limited to the amount that its preferred supplier would've charged. So, it was unable to increase the offer. It did accept that there were some poor service issues and as a result it offered compensation of £75, for the trouble and upset this caused.

As Mrs B had been given her referral rights, she referred her complaint to our service. She said that Advantage hadn't informed her that she could have used its contractors. Nor had it told her that there would be a limit on the amount, that it would settle her claim.

One of our investigators considered the complaint and thought it should be upheld. She said that the complaint turned on whether Advantage had told Mrs B that she could've used its contractors. And that it would only be liable for the costs, it would've cost them to complete the repairs. She asked Advantage for evidence that could support this, but it didn't provide it. So, she thought it was reasonable that Advantage pay the costs of Mrs B's claim in full. She also said that as Mrs B had paid some of the amount on her credit card, Advantage ought to refund any credit card charges.

Finally, she said that it was obvious that Mrs B had been stressed as a result of the event and the poor service issues. So, she concluded that Advantage ought to increase its offer of compensation to a total of £175, for the trouble and upset caused.

Mrs B accepted the view, Advantage did not. It felt that the evidence turned on the first notification of loss call (FNOL), as it said that this was when it offered Mrs B the use of its contractors. It asked for further time to locate the call. But as it didn't respond to our investigator's view, nor did it locate the call. The complaint was referred for an ombudsman 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.

Having done so, I will uphold this complaint, for much the same reasons as our investigator. And I will explain why I think this is fair.

I've considered all the evidence from both parties, as well as their comments. I think the main issues of this complaint is whether Advantage told Mrs B that she could use its contractors. And whether it had informed Mrs B that it would only pay up to the amount that its contractor would've charged, if Mrs B chose to use her own contractor.

Advantage relied on the following policy term, which states: *'When your insurer can offer repair or replacement through a preferred supplier, but then agree to pay a cash or cash alternative settlement, then payment will not be more than the amount they would have paid their preferred supplier'.*

I'm satisfied that it means that if Advantage (the insurer) had offered to repair or replace via its preferred supplier, but then agreed to make a cash settlement, the settlement wouldn't be for more than the amount it would've paid its preferred supplier.

I think it then became imperative that Advantage provide evidence to support its comments that it had advised Mrs B to use its preferred supplier. Moreover, that it had told Mrs B that it would only pay what it would've cost them.

Mrs B said that at no time did Advantage offer her the use of its preferred supplier. Nor did it mention that it would only settle the claim to the amount that it would've cost them. She said had it done so, she would've used its preferred supplier. Or obtained more than one quote.

Advantage said that it did offer Mrs B the use of its contractor and did so during the FNOL.

Advantage was asked for a copy of the call recording. And was given time to provide this piece of evidence. This wasn't provided, as it said it couldn't locate the call.

When looking at complaints of this nature, we must be satisfied that a business has offered to repair or replace to begin with. As there is no evidence from Advantage that refutes what Mrs B said, I can't be satisfied that Advantage either repaired or replaced or offered to do so, before, Mrs B instructed her own contractor.

One of the purposes of an insurance policy is to put the consumer back into the pre-loss position, and I don't think Advantage, did that here.

Both parties provided full breakdowns for the work needed. I've looked at both. And having reviewed Mrs B's invoice, I think the costings are relevant to the work completed and therefore are not unreasonable. So, I think it's fair and reasonable that Advantage reimburse the full costs of the repairs, to put Mrs B back into the pre-loss position.

In addition, I'm satisfied that the impact of this event was more than just minimal. And caused Mrs B stress and inconvenience, over several weeks. Especially as she explained that she had to use her savings and credit card in order to pay her contractor. So, I think it's fair and reasonable that Advantage increase its offer of compensation to a total of £175, to reflect this.

I also think it's fair for Advantage to reimburse any credit card charges that Mrs B had, as a result of having used her credit card to settle her contractor's invoice. Mrs B ought to provide the relevant evidence regarding this.

Putting things right

Taking all of the circumstances into consideration, and to put matters right, I direct Advantage as I set out below.

My final decision

For the reasons given, I uphold Mrs B's complaint.

To put matters right, Advantage Insurance Company Limited to:

Reimburse Mrs B's full costs she incurred, in carrying out the repairs. Advantage has already paid £1,309.72, so it ought to make an additional payment of £1,541.48.

Refund Mrs B's credit card charges she incurred as a result of using her card. On production, from her, of the relevant credit card evidence.

To pay Mrs B a total of £175 compensation for the trouble and upset caused.

Advantage Insurance Company Limited must pay the above amounts within 28 days of the date on which we tell it Mrs B accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 16 October 2023.

Ayisha Savage
Ombudsman