

The complaint

Mr D has complained that Advantage Insurance Company Limited ('AIC') didn't deal with his claim promptly or fairly.

What happened

Mr D had a motor insurance policy, underwritten by AIC.

In August 2022, Mr D's car was involved in an accident so Mr D contacted AIC to make a claim. The car was kept in storage until AIC found an approved repairer which took five months during which time Mr D was without a car.

A repairer was allocated in January 2023 and Mr D was then given a replacement car. Following this, the car was deemed a total loss.

Mr D complained to AIC about its delays and being without a car for five months. AIC apologised and paid £100 compensation. It later offered a further £200 compensation.

Unhappy, Mr D referred his complaint to the Financial Ombudsman Service.

Our investigator looked into the complaint and didn't think the compensation amount was enough as AIC could have done more to help Mr D such as providing Mr D with a hire car.

So she recommended AIC pay Mr D a further £400 compensation for the distress of being without a vehicle.

Mr D disagreed and in summary, made the following comments:

- He doesn't know how the compensation has been calculated.
- Every day they were without a car, they were negatively impacted.
- His spouse was on the policy and was also adversely affected.
- Mr D was without a vehicle again after 14 March when he was asked to return the courtesy car.

And so the case has been passed to me for a final 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 think this complaint should be upheld. I'll explain why.

I issued my provisional decision on 23 August 2023 in which I said:

“The relevant rules and industry regulations say an insurer should handle claims promptly and fairly. And shouldn’t unreasonably reject a claim.

The policy provides Mr D with a replacement car whilst his car is awaiting repairs. The claim was logged on 11 August 2022 and an approved repairer wasn’t allocated until 16 January 2023.

Mr D had to wait five months for AIC to find an approved repairer. This is an unreasonable amount of time for Mr D to wait. So I don’t think AIC deal with the claim promptly. And it didn’t do anything to provide Mr D with a replacement car, such as looking into hire cars. So I don’t think it dealt with the claim fairly.

Mr D sent numerous emails to AIC about the effects of being without a vehicle whilst he was waiting for it to be allocated for repair. He said he was in a desperate situation as the car was a family car which played an important role in everything they did. Their way of life was severely disrupted as a family member with autism couldn’t understand why there was a sudden change in routine activities. He said he was experiencing extra financial burden every day as a result of being without a car.

So I think AIC should pay Mr D for the loss of use of his vehicle for five months. I think it should pay £10 per day in line with our usual approach, in addition to the £100 compensation it has already paid.

Mr D was waiting for the car to be allocated to an approved repairer for 158 days between 11 August 2022 and 16 January 2023.

158 days x £10 per day = £1,580.

AIC has already paid £100 compensation for the distress and inconvenience caused to Mr D for the delays and the chasing he had to do so I don’t think it needs to pay any further compensation for the poor customer service.

Mr D has also complained that he had to return the courtesy car after he was told it was uneconomical for the car to be repaired. The vehicle was returned on 14 March 2023 but once the car was deemed a total loss, there is no further provision under the policy for a replacement car. So I don’t intend on asking AIC to do anything more on that point.”

AIC didn’t respond and Mr D confirmed he accepted my provisional decision. As I have received no further submissions, I see no reason to depart from provisional findings which I adopt as my final decision.

My final decision

For the reasons set out above, I direct Advantage Insurance Company Limited to pay Mr D £1,580 (which is £10 per day for loss of use) for the time he was waiting for his car to be allocated to an approved repairer.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr D to accept or reject my decision before 4 October 2023.

Shamaila Hussain
Ombudsman