

The complaint

Mrs P complains about how Advantage Insurance Company Limited (Advantage) handled a claim under her motor insurance policy following the attempted theft of her vehicle.

Any reference to Advantage in this decision includes their agents.

This decision covers Mrs P's complaint about how Advantage dealt with damage to a wall caused during the attempted theft of her vehicle. It doesn't cover other issues arising from the incident, including how Advantage dealt with her claim for damage to her vehicle.

What happened

In September 2021 Mrs P's vehicle was subject to an attempted theft while parked on her driveway. The thieves weren't successful, but in attempting to steal it the vehicle hit a wall on the driveway, damaging both. Mrs P contacted Advantage to tell them about the incident and lodge a claim. Advantage accepted the claim for damage to the vehicle, which was repaired.

On the damage to the wall, normally Advantage would have told Mrs P to contact her home insurance provider to make a claim under that policy. However, due to her being provided with incorrect advice, Advantage made an exception in the circumstances of Mrs P's case and agreed to cover this aspect of the damage.

In April 2022 Advantage asked Mrs P to obtain quotes for repair of the wall from three builders. Mrs P provided quotes, but Advantage said they didn't break down the costs of repair, including between labour and materials. In July 2022 Advantage appointed a contractor (C) to assess the damage and they visited Mrs P's property to inspect the wall.

C contacted Mrs P to say the three quotes (ranging from £4,500 through £4,800 to £4,900 including VAT) were too high for what they thought should be the cost of repairing the wall. C also asked Mrs P to obtain a detailed breakdown of the lowest quote (which she provided).

C then offered Mrs P £2,998 to settle the claim, based on a detailed assessment of the work required, including labour and materials (compared to the quote for £4,500). Mrs P wasn't happy with the offer as it was significantly lower than the quotes she'd obtained, so would be significantly out of pocket. She was also unhappy that, having told Advantage about the damage to the wall at the same time she told them about the attempted theft, it had taken nearly a year for Advantage to appoint a contractor and make her an offer for the repair of the wall. She didn't want to make a claim for the damage to the wall under her home insurance policy, as she thought the length of time since the incident meant it unlikely her home insurer would accept a claim.

Advantage didn't uphold the complaint. They noted C's position they couldn't accept (or authorise) the lowest quote provided by Mrs P, as they considered it overstated. So, Mrs P would either have to approach her home insurance provider to make a claim for the damage or provide another (lower) estimate from a different builder.

Mrs P then complained to this service. She said Advantage asked for three quotes for the repair of the wall, which she'd provided. But she didn't hear back for months and had to

chase Advantage. She would be out of pocket if she accepted Advantage's offer. She wanted Advantage to either repair the wall or pay her £4,500 (the lowest quote) so she could have the wall repaired. She also wanted Advantage to refund her motor insurance policy premium.

Our investigator upheld the complaint, concluding Advantage hadn't acted fairly. She noted Advantage had agreed to cover the cost of repairing the wall and asked Mrs P for three quotes. While two quotes didn't provide a breakdown between labour and materials, the third quote set out the scope of work at a total of £4,500 (including VAT). And C had provided their own, costed estimate. She didn't think it was possible to determine which was the more persuasive, although C would be experienced in assessing claims and the likely cost of repairing the wall.

As Advantage and Mrs P couldn't agree, the investigator thought Advantage (having agreed to cover the costs of repair) should either source an appropriate contractor to complete the repairs or (if they were unable or unwilling to do so) reimburse Mrs P for the cost of repairing the wall, based on receipt of an invoice clearly itemising the labour and material costs for the work. Or pay her the average of the four quotes/estimates (£4,299.50). If Mrs P didn't want Advantage to handle the claim further, she had the option to make a [new] claim under her home insurance policy.

Our investigator also considered the delays in handling the claim and communication issues, noting Advantage agreed Mrs P experienced issues and awarded her £135 compensation. She thought Advantage could have progressed things more efficiently and Mrs P had been inconvenienced from having to contact Advantage for updates. She thought £135 would be fair and reasonable compensation.

Advantage disagreed with the investigator's view and requested an ombudsman review the complaint. They said only one of the three quotes provided by Mrs P contained a detailed breakdown between labour and materials. C had reviewed the quote and provided their own estimate of the repair cost, concluding the quote was overstated. Advantage said they weren't obliged (as the motor policy insurer) to cover the cost of repairing the wall, which normally would be claimed through a home insurance policy. So, Mrs P was benefiting from their offer to cover the cost of repairing the wall. Mrs P would also be in 'betterment' from their offer, as she would only be making one claim for the incident rather than two (one claim under her motor insurance policy and one under her home insurance policy).

In my findings I concluded Advantage should either appoint a contractor to repair the wall or - if Advantage or Mrs P were unable (or unwilling) to agree to the option - then average the lowest quote from Mrs P (£4,500) and C's estimate (£2,998) which would be £3,749. Given the time since the quote and estimate were prepared, both should be updated to take account of current repair costs. An updated average cost should then be calculated.

I also thought Advantage should pay Mrs P £135 in compensation for distress and inconvenience.

Because I reached different conclusions to our investigator, I issued a provisional decision to give both parties the opportunity to consider matters further. This is set out below.

What I've provisionally decided – and why

My role here is to decide whether Advantage has acted fairly towards Mrs P.

The key issue is how Advantage dealt with the claim for damage to the wall from the attempted theft of Mrs P's vehicle. Mrs P is unhappy at the offer made by Advantage, being significantly less than any of the quotes she obtained from builders. She's also unhappy at

how long the process has taken. Advantage say their offer is fair, particularly as it wouldn't normally be covered under Mrs P's motor insurance policy (it would normally be a claim under a home insurance policy).

In considering the issues, I've borne in mind the circumstances of the complaint. Advantage offered to cover the cost of repairing the wall when they were not obliged to do so under the terms and conditions of the motor insurance policy. However, having made the offer, I think it's reasonable for me to decide whether Advantage have acted fairly towards Mrs P.

In thinking about what would be fair and reasonable in the circumstances of this case, I've considered several aspects. First, while Advantage made their offer outside the terms and conditions of the motor insurance policy, and they aren't assessing the claim under a home insurance policy, I think it's reasonable to consider what happened and their offer in the context of what would likely have happened had the damage been considered under a typical home insurance policy.

In those circumstances, insurers would typically assess and settle a claim in one of several ways. First, they could appoint their own contractors to repair the damage. Second, they could ask the policyholder to obtain their own estimates for the cost of repair (which is what happened in this case). Those estimates would be reviewed by the insurer (or their contractor) to assess whether they covered an appropriate scope of work and were reasonable. Third, they could offer a cash settlement to the policyholder for them to engage contractors to carry out the work, based on the insurer's scope of work and the estimated cost (to the insurer) were they to appoint their own contractors to carry out the work. It is for the insurer to decide which of the options would be used to settle the claim.

In this case, the second and third options are, respectively what Mrs P has provided, and Advantage have offered. As they disagree on the respective figures for the two options, I've thought about what a reasonable outcome would be.

C's offer is based on the lowest estimate (and its breakdown) provided by Mrs P. So, it's based on the same scope of work to repair the wall. Where it differs is the cost of each element, with the biggest differences being in the unit labour cost and the cost of the bricks to rebuild the wall. In both cases, C say they would expect to pay significantly less. Given their ability to secure better rates than Mrs P would be able to as an individual, I think it's a reasonable option for Advantage to appoint a contractor to carry out the work to repair the wall, to take advantage of their ability to secure better rates.

If Advantage (or Mrs P) are unable (or unwilling) to agree to the option, then I think a reasonable alternative would be to take the average of the quotes provided, but with one difference. Averaging the four quotes would give a figure of £4,299.50. However, that means the three quotes from Mrs P have a greater weighting than that of C. And were the choice simply between the three quotes from Mrs P, I think it's likely both Advantage and Mrs P would choose the lowest quote. And given the two higher ones don't include a detailed breakdown, then I don't think it's reasonable to include them in the calculation of an average. So, averaging the lowest quote and that of C, gives a figure of £3,749.

Given the elapse of time since the quote (April 2022) and C's estimate (August 2022) and the level of inflation (both in general and in the building sector) I think it would be reasonable for both to be updated to take account of current repair costs. An updated average cost should then be calculated.

I recognise this is less than the lowest quote from Mrs P. But I've also considered the points made by Advantage in their response to our investigator's view. They say Mrs P is benefiting

from their offer to cover the cost of repairing the wall. And she would also be in 'betterment' from their offer, as she would only be making one claim for the incident rather than two.

Taking these points in turn, it is likely Mrs P would benefit from Advantage covering the cost of repairing the wall. That's because not claiming under her home insurance policy means she doesn't - assuming the claim was accepted - pay any excess that might have been due under the policy (though I've not seen any home insurance policy Mrs P has on her property, so I can't say what the excess may have been). Making a claim would also mean it likely the premium payable under the policy would increase – although it's again uncertain what the size of any such increase might be. It might also be the case that assessing the claim under a home insurance policy would be likely to lead to a cash settlement offer like that provided by C – and the home insurer might simply offer it (as their choice to settle the claim).

On the 'betterment' issue, this is a concept whereby a policyholder shouldn't be put in a better position from a claim than they were in before the incident that led to the claim. In the circumstances of the case, I don't think this is relevant. I say that because repairing the wall would simply put Mrs P in the position she was before the incident and the damage. There's no indication from what I've seen the repair would cover anything other than the damage to the wall (not any undamaged part of it) nor that it would be repaired to a higher standard than it was in before the incident. While Mrs P benefits from not making a claim under her home insurance policy, as I've set out above, I don't think this constitutes 'betterment' as the concept is generally understood. And Advantage would have been aware of the benefit when deciding to offer to cover the cost of repairing the wall.

Having reached these conclusions, I've also thought about the issue of the time taken to assess this aspect of the claim and the communication issues Mrs P has described. Looking at the sequence of events, I think the process has taken longer than it should have done and that some of the delays are due to Advantage. Taking all the circumstances into account, I think £135 for distress and inconvenience would be fair and reasonable.

My provisional decision

For the reasons set out above, my provisional decision is that I uphold Mrs P's complaint. I intend to require Advantage Insurance Company Limited to:

- Either to appoint a contractor to carry out the work to repair the wall or - if Advantage or Mrs P are unable (or unwilling) to agree to the option - then take the average of the lowest quote from Mrs P (£4,500) and C's estimate (£2,998) which would be £3,749.*
- Given the elapse of time since the quote and estimate were prepared, both should be updated to take account of current repair costs. An updated average cost should then be calculated.*
- Pay Mrs P £135 in compensation for distress and inconvenience.*

Advantage Insurance Company Limited must pay the compensation within 28 days of the date on which we tell them Mrs P accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Mrs P responded to make several points. She said she'd been asked to provide three quotes by Advantage, which she did. But not hearing further from Advantage, she chased them and was asked to submit her chosen contractor's quote, which they would arrange payment. This was £4,500. After a further wait, she was told C would deal with the matter. They asked her to provide a detailed job quote, which she did. She wasn't asked for more details of the other two quotes. C visited her property in September 2022 but didn't spend long, take

measurements or other detail. And C then offered their cash settlement, which Mrs P didn't consider they'd justified. And the only detailed quote was the £4,500 she'd provided.

Mrs P also said she wasn't prepared to accept the option of Advantage repairing the wall (through a contractor they'd appoint) as they'd declined to offer this option on several occasions. Mrs P also said quotes for her motor insurance policy had increased significantly since the incident (as the claim hadn't been fully settled). This was also affecting her ability to obtain insurance for her husband's vehicle.

Advantage didn't respond by the date requested for responses.

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.

My role here is to decide whether Advantage have acted fairly towards Mrs P.

I've considered carefully the points made by Mrs P in her response to my provisional decision. On her first point, Advantage asking her to provide the quote for which they would arrange payment, I can understand why Mrs P feels unhappy that Advantage then appointed C to visit the property and assess the damage. But that's not untypical of the approach insurers take in assessing claims for damage. As I set out in my provisional decision, insurers can ask the policyholder to obtain their own estimates for the cost of repair and they (or their contractor) assess whether they covered an appropriate scope of work and were reasonable. And they are also able to offer a cash settlement, based on the insurer's scope of work and the estimated cost (to the insurer) were they to appoint their own contractors to carry out the work. It is for the insurer to decide which option to settle the claim.

On Mrs P's second point, that Advantage (or C) hadn't justified their cash settlement offer, I said in my provisional decision C's offer was based on the lowest estimate (and its breakdown) provided by Mrs P. So, it was based on the same scope of work to repair the wall. The difference is the cost of each element, with the biggest differences being in the unit labour cost and the cost of the bricks to rebuild the wall. In both cases, C say they would expect to pay significantly less. Given their ability to secure better rates than Mrs P as an individual, I still think it's a reasonable basis for the cash settlement figure they offered,

Mrs P has said she's not prepared to accept the option of Advantage repairing the wall, notwithstanding Advantage declining to offer this option. That being the case, then this option drops away, leaving the cash settlement route. And I haven't seen anything to indicate the averaging of the lowest quote from Mrs P and C's estimate is unreasonable. So, I've concluded that's a fair and reasonable way to settle the claim.

On Mrs P's points about the quotes she'd obtained for motor insurance being significantly higher, as well as her ability to obtain insurance for her husband's car, these aren't issues for me to consider as part of this complaint, which is to consider whether Advantage have acted fairly towards Mrs P in the specific circumstances of this case. But it is likely that any claim made under her motor insurance policy (for the damage to her vehicle) would affect future premiums (and quotes for motor insurance) irrespective of how the claim was settled. Having a claim not fully settled would similarly be likely to affect future premiums and quotes.

My final decision

For the reasons set out above, my final decision is that I uphold Mrs P's complaint. I require Advantage Insurance Company Limited to:

- Make a cash settlement to Mrs P, taking the average of the lowest quote from Mrs P (£4,500) and C's estimate (£2,998) which would be £3,749.
- Given the elapse of time since the quote and estimate were prepared, both should be updated to take account of current repair costs. An updated average cost should then be calculated and used as the basis of the cash settlement.
- Pay Mrs P £135 in compensation for distress and inconvenience.

Advantage Insurance Company Limited must pay the compensation within 28 days of the date on which we tell them Mrs P accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 2 November 2023.

Paul King
Ombudsman