

## **The complaint**

Mr T complains about the amounts Advantage Insurance Company Limited paid as the market value of his car when he claimed on his car insurance policy.

## **What happened**

Mr T had an accident in his car when driving. His car was damaged and not safe to drive, so he called Advantage to claim on his policy. Advantage reviewed the claim and accepted it, it said the market value of Mr T's car was £10,500 and paid this to him in settlement of his claim.

Mr T wasn't happy with how Advantage handled his claim and complained. He said the market value wasn't enough to replace his car with one which was like for like. He also said he'd spent too long at the side of the road following the accident and didn't think Advantage had handled his claim as well as it should have. Advantage reviewed the complaint and partly upheld it. It increased the market value to £11,000 and agreed it should have handled the claim better. Advantage reimbursed Mr T's costs for getting home following the accident and paid him £75 as compensation for the poor claim handling.

Mr T didn't think Advantage had fairly settled his claim and brought his complaint here. He also provided evidence of similar cars for sale, which were advertised for more than Advantage had paid as the market value of Mr T's car.

Our Investigator reviewed the complaint and upheld it. She thought the compensation Advantage had paid was fair and reasonable for what had gone wrong but didn't think Advantage had fairly valued Mr T's car. She found the adverts provided by Mr T supported the highest value given by the valuation guides we use, and recommended Advantage increase the market value to £12,379. Our Investigator also recommended Advantage pay 8% interest on the additional amount it pays to compensate Mr T for not having the money.

Advantage didn't agree. It said the valuation of £11,000 was a fair market value and provided adverts of other cars to support its position. Our Investigator didn't think these adverts were similar to Mr T's car and so didn't find them persuasive.

As Advantage didn't agree with our Investigator's outcome, the complaint has come to me to decide.

## **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.

The terms and conditions of Mr T's policy say that if Advantage deem his car a total loss, it will pay him the market value. It defines market value as "The cost of replacing your Car in the United Kingdom at the time the loss or damage occurred with one of the same make, model, age and condition."

Our service doesn't value cars. Instead, we check to see that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we tend to use relevant valuation guides. I usually find these persuasive as they're based on nationwide research of sales prices.

Only three of the four valuation guides we use produced values, and these were £9,895, £11,000, and £12,379. Both Mr T and Advantage have provided adverts to support their valuation of Mr T's car. Some of the adverts I don't find persuasive as they have significantly lower mileage than Mr T's car or are a different year of manufacture. However, three of the adverts Mr T provided were similar to the make, model and specification of his car and ranged in value from £12,250, £13,000 and £16,500.

In response to our Investigator's view Advantage provided five adverts with similar mileage to his car, but three of these were for a car which was older. I can also see when Advantage provided its initial submissions to this service it contained two adverts of similar cars to Mr T's. These were advertised for £12,650 and £11,950, the lower value car had covered around 20,000 miles more than Mr T's though.

When taking into account the range of valuations and adverts I'm not persuaded Advantage has done enough to show the valuation of £11,000 is fair and reasonable. I say this because the additional information it provided after our Investigator's assessment doesn't show when these adverts are from, and so I need to be aware the valuation of Mr T's car may have decreased since the accident.

When reviewing the adverts provided initially by Advantage and the information provided by Mr T, I'm more persuaded that the fair and reasonable outcome is for Advantage to pay the highest of the four valuation guides we use. I say this as it's supported by Advantage's original adverts and those of Mr T. Therefore, Advantage needs to pay Mr T a total of £12,379 as the market value for his car, subject to the remaining policy terms. It should also add 8% simple interest per year to the additional amount it pays, to compensate Mr T for not having the money.

I've also considered the poor claim handling and additional expenses Mr T incurred following the accident. Our Investigator thought Advantage had acted fairly in its response to these and Mr T agreed so I see no reason to comment on them further here.

### **My final decision**

For the reasons explained above, my final decision is that I uphold this complaint. I require Advantage Insurance Company Limited to pay Mr T £12,379 as the market value of his car. It also needs to add 8% simple interest per year onto the additional amount it pays, calculated from the date it made the original payment until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 5 January 2024.

Alex Newman  
**Ombudsman**