

## **The complaint**

Miss H has complained about her car insurer Advantage Insurance Company Limited, she feels it treated her poorly following an accident, as well as paying her an unreasonable settlement for the total loss of her car.

## **What happened**

Miss H had an accident on 17 March 2023. She made a claim to Advantage. Initially there was some difficulty in it providing her with a hire car. She then wasn't contacted by solicitors as Advantage had promised. Advantage's salvage agents also caused Miss H worry as she understood she'd have to collect her items in the car within 48 hours. When she called Advantage, it was able to explain that she just had to make an appointment for collection. But when she went to collect her belonging, she was sent to the wrong location.

On 30 March 2023 Advantage called Miss H. It said it had used two motor valuation guides to find a market value for her car (which she was aware was a total loss). It said the market value was £8,359.90, and this is what it would pay her in settlement of her claim. Payment was made shortly thereafter. Miss H was unhappy. She said she'd bought the car just a year before (for around £16,000) and it was in excellent condition – she expected it would cost her at least £12,000 to replace it. Especially given hers had featured a touchscreen navigation and camera display an expensive adaptation she'd required for a back issue.

Advantage reviewed the settlement. It said it would increase the market value to £10,509. On 14 April 2023 Advantage paid Miss H the difference in the two market values, £2,149.10. In response to concerns Miss H had raised with it about the service received, Advantage apologised and paid Miss H £60 compensation.

Miss H remained unhappy. She complained to the Financial Ombudsman Service. She said she was unhappy about the settlement – all the cars she found for sale were around £13,000. But also the amount of stress she'd been caused trying to resolve everything, not only in the aftermath of the accident but also during a period of exams. She explained that around mid-April, when a hire car was taken back, she'd had to take out a bank loan to replace her car.

Our Investigator noted the two motor valuation guides referenced by Advantage had returned market values of £10,147 and £10,870. He reviewed a further two guides. They returned values of £11,297 and £11,673. He noted £10,509 was within the range of all the guides. So he felt the settlement had been fair. He noted Advantage had paid Miss H £60 compensation for upset and felt that was reasonable.

Miss H remained unhappy. She said she felt the motor valuation guides were outdated, that they hadn't kept up with current trends. She felt it had also been unfair for Advantage to have offered such a low sum initially, increasing it by over £2,000 only when she complained. Miss H said Advantage hadn't even replaced her child's car seat. She remained unhappy about the service she'd received. Miss H's complaint was referred to me for an Ombudsman's consideration.

I was minded to uphold the complaint as I thought Advantage's settlement was unfair and unreasonable. I felt it should pay a further £1,010 for the car, some interest and a further £190 compensation (where £60 had already been paid). I felt it should settle or consider a claim for a child's car seat too. So I issued a provisional decision to explain my views.

My provisional findings were:

#### "Child's car seat"

*I'm going to deal with this item first as it's not one that's received much attention to date. I need to acknowledge that Miss H did not raise this initially in her complaint to us. And it's not something Advantage has commented on before. Strictly speaking then my response should be to require Miss H to go back to Advantage with a view to letting it sort things out. But, in the circumstances here, I don't think that's really fair on either party and as this seems a relatively simple matter it makes sense for me to deal with it here, within this provisional decision. Which will hopefully result, following my final decision, in the whole matter concluding. I think that's particularly important as I can see the accident was quite traumatic for Miss H.*

*Miss H has said that Advantage hasn't paid for her child's car seat. I note the policy wording Advantage provided does say:*

*"If you have a child's car seat or booster seat fitted in your Car and you make a claim under sections 1 or 2 of this Policy your Insurer will pay for the cost of a replacement of a similar model and standard, even if there's no apparent damage, up to the value of £300 per incident. You should provide proof of purchase of the original item or evidence of ownership."*

*If Miss H has provided evidence, I see no good reason why Advantage hasn't settled this aspect of the claim. I intend to require it to do just that. If evidence is still required, Miss H should provide that and Advantage will have to consider it. As I'm only offering judgement on this in order to round things up, I'm not going to award interest or compensation. If Advantage thinks it's settled this issue, or wants to explain why it feels it has no liability to do so, it should let me know in response to this provisional decision. I'll consider its reply and if my view changes, I'll let the parties know before making a final decision.*

#### Market Value

*I see Advantage made quite a low settlement to Miss H initially. From the motor valuation guides its shared with us, I see that figure seems to have come from the market valuation generated for trade sales. Advantage should be aware that the Financial Ombudsman Service does not find it fair, where someone isn't a motor trader and doesn't have a motor trade policy, for their insurer to base market valuations on trade sale values. Miss H would never have been able to replace her car for that price. She shouldn't have had to complain and wait for a review in order to be paid in line with retail market values. That initial settlement, in my view, was entirely unfair and unreasonable.*

*Advantage's further market value was based on two valuation guides. But there are four generally relied upon in the insurance industry. And the Financial Ombudsman Service, recognising the currently competitive second-hand car sales market, also finds it fair to take adverts for car sales into account. By themselves adverts are often not reliable sources for determining market valuations. But, particularly where there is a spread in values they can be useful in showing whether all of the guide values are likely reliable. Given the significant difference even in only the two valuations Advantage returned, I think it should have reviewed current sale adverts and sought values from the other motor guides to ensure a fair market value was set for Miss H's car.*

*I've not seen the adverts Miss H found for cars for sale like hers. But, I've reviewed some on-line adverts for cars similar to Miss H's, to see what those details tell me about the guide values. In this case, I'm currently minded to think the adverts show that the lowest value returned by Advantage, £10,147 is likely an unreliable indicator of the market value for Miss H's car. So I intend to discount it. That's because all of the adverts I've seen for cars similar to Miss H's are priced within or above the range of the three upper guide values.*

*In reviewing adverts for cars for sale like Miss H's I didn't find that many comparable cars when focussing on the key features that often so greatly affect value; age and mileage. There were four; two priced within the range of the three remaining guide values and two at £11,975 and £12,495 respectively. With such a small sample, set against three motor guide valuations which are all similar (and bearing in mind those values are returned based on a much larger data pool) I can't reasonably say the guide values are wholly unreliable. But the small number of cars available for sale, similar to Miss H's, as well as the prices being sought, does make me think that advertised sale values should reasonably be factored into the market value assessment.*

*An average of the upper two advertised prices is £12,235. The values presented by the lower two advertised prices are already accounted for by the lower two of the three guide prices I'm taking into account. So it's not fair to 'double count' them by including them in the advert average. I've then set the sum of £12,235 alongside the motor guide values of £10,870, £11,297 and £11,673. The average (rounded up) of all four of them is £11,519. I think that's a fair and reasonable market value for Miss H's car.*

*Advantage paid Miss H a total of £10,509 in settlement. So it will now need to pay her £1,010, the difference between the sum it paid and what I've found to be the fair and reasonable market value for her car, £11,519.*

*I say that knowing that Miss H's car had a touchscreen navigation and camera display. I know that feature was important to Miss H. And that if fitted as an optional extra to a new car of this model it would be quite an expensive addition. However, optional extras like this (optional for the car, I know Miss H required it) don't necessarily add or secure extra value in second-hand sales. In my review I haven't found anything which makes me think an additional sum should be factored in for the touchscreen feature in order to reach a fair and reasonable market value for Miss H's car.*

#### Interest

*Given Advantage's initial unfair and very low settlement, I'm going to require it to pay Miss H interest\* on the sum of £3,159.10 (£2,149.10 and £1,010) from the date it paid her £8,359.90 until the date it paid the additional £2,149.10. Then interest on the sum of £1,010 until the date it pays her this remaining sum. This to make up for Miss H not having had those funds at her disposal.*

*I'm aware that Miss H took a bank loan to purchase a new car. I think that when she did that Advantage had paid her £10,509. That wasn't all she was reasonably due, but it was most of it. Such that I don't think Advantage's unreasonable settlement caused her to need to take a loan to finance a new car. So I won't make it pay interest at the loan rate, just the usual rate awarded by the Financial Ombudsman Service of 8% simple per year.*

#### Service

*I can see that Miss H had a number of issues during the course of the claim. I've detailed the unfair settlements above which I accept caused Miss H upset and worry. I see she also had to follow up and chase Advantage on the hire car, solicitors and collecting her belongings. I note she's explained that regarding collecting her belongings, she was sent to the wrong place. Which was all the more difficult and frustrating for her because she was relying on a*

*friend to take her. I think she had to call Advantage more than she should have had to if the claim had been handled well, with calling impacting her over a number of days and at an already busy and stressful time for her. I'm satisfied that a total of £250 compensation is fairly and reasonably due (with Advantage already having paid £60 of that sum)."*

Miss H didn't respond to my provisional decision. Advantage said it hadn't had a claim for a car seat from Miss H – but it would consider one if she sent it details. Advantage though disagreed with what I'd said about the car's market value and the award I'd made.

Advantage said it didn't think the lowest of the values it had initially found (£10,147) should be discounted. It said it had run a further valuation which generated a sum of £10,434 – although it hadn't used the actual date of loss to generate that. It said that as that value is more in-line with both its original values (£10,147 and £10,870) than the adverts found, the adverts should be discounted. Although it also said that the two lower priced adverts found supported that the values it had obtained could be relied upon.

### **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.

I've noted the detail now provided by Advantage. But it hasn't explained how it has come about this valuation. Or why it didn't use this source initially. It has said though that it hasn't used the date of loss to generate this value. I note it appears to be presented by the same company that provided the valuation of £11,673 to our Investigator. With the valuation of £11,673 having taken into account the date of loss, I'm most satisfied that it's likely the most reliable value of the two. So whilst I've considered the new valuation provided by Advantage, it hasn't changed my view on what I think is the fair and reasonable outcome for the complaint.

I appreciate that adverts only show an asking price. Which is why adverts alone are not usually relied upon. As I said provisionally, the adverts are used alongside the guides. I'm satisfied that my provisional findings are fair and reasonable in the circumstances of this complaint.

Advantage's objection has not persuaded me to amend my view on the complaint. Miss H did not respond. I note Advantage did not object to my compensation award and it has agreed to consider a claim for the car seat. So I've no need to review these complaint points further. I can confirm that my provisional findings, along with my comments here, are the findings of this, my final decision.

### **Putting things right**

I require Advantage to:

- Consider Miss H's claim for a child's car seat.

And pay Miss H:

- £1,010 in final settlement of her total loss vehicle damage claim.
- An amount equivalent to interest\* on the sum of £3,149.10 from the date it paid her £8,359.90 until the date it paid the additional £2,149.10.
- An amount equivalent to interest\* on the sum of £1,010 from the date it paid her £2,149.10 until the date it pays her £1,010.
- A further £190 compensation, where my total award is £250 but £60 has been paid.

\*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Advantage to take off tax from this interest. If asked, it must give Miss H a certificate showing how much tax it's taken off.

### **My final decision**

I uphold this complaint. I require Advantage Insurance Company Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 4 January 2024.

Fiona Robinson  
**Ombudsman**