

## **The complaint**

Mr A complains Advantage Insurance Company Limited hasn't offered a fair value for his car following it being written off after an accident.

## **What happened**

The details of the claim are well known to both parties, so I won't repeat them again here. Instead, I'll summarise the background and focus on the reasons for my decision.

Mr A insured his car with Advantage under a motor insurance policy.

In March 2023, Mr A's car was involved in an accident and Advantage told him, due to the level of damage, his car would be written off.

Advantage initially offered £5,616.13 to settle the claim less Mr A's excess and outstanding premiums. It later increased this offer to £6,365.

Mr A wasn't happy, so he complained about the valuation offered and service received. Advantage maintained its valuation offer but offered £180 compensation to Mr A for the delays and service issues he experienced. Mr A didn't agree and brought the complaint to this Service for an independent review.

An Investigator at this service looked into matters. They ran their own valuations to verify those obtained by Advantage. The Investigator also obtained a further result from another motor trade guide not used by Advantage of £7,401. Ultimately, they decided Advantage needed to pay more to Mr A along with interest at 8%. In relation to the compensatory payment for poor service, the Investigator considered the £180 offered by Advantage was a fair and reasonable way to settle this aspect of Mr A's complaint.

Advantage didn't agree with the Investigators method of calculating a fair value. It considered the evidence – along with further online adverts found in December 2023 – shows its offer of £6,365 is fair and in line with the market. Mr A accepted the Investigators recommendation to bring things to a close.

As an agreement couldn't be reached, the matter was passed to me for a 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'm upholding Mr A's complaint in this matter. I'll explain why.

Firstly, it's important to explain this decision relates to the total loss valuation Advantage gave for his car and the service received as responded to under the final response letters dated 25 May and 23 June 2023.

It is my role is to decide whether Advantage has applied the policy terms and conditions when reaching its market value and whether it has done so in a fair and reasonable way. Based on what I've seen, I don't think it has.

Where a car has been written off as a result of an accident, it's usual for the insurer to pay the consumer the market value of the car immediately before the accident. This is what Mr A's policy provides. It defines the market value as follows.

*'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. This may not necessarily be the value you declared when the insurance was taken out. Your Insurer may use publications such as Glass's Guide to assess the Market Value and will make any necessary allowances for the mileage and condition of your Car and the circumstances in which you bought it.'*

This means Advantage will pay the value of the car immediately before the accident which, here, it determined to be £6,365 after initially offering £5,616.13.

We use the same trade guides – in addition to one other - to help decide if a settlement offer is fair when valuing second-hand vehicles.

Having done so, I've noted the valuation offered by Advantage is significantly lower than the amount the Investigator has suggested it should pay, which is based on the value provided by the highest guide. In this situation, Advantage must show its offer represents a fair valuation. To do this, it sent three adverts for cars like Mr A's. This shows a range in price from £5,800 to £6,495. But I don't find this evidence to be relevant and persuasive in supporting Advantage's offer. I say this because these are adverts for cars like Mr A's but with any mileage and for a different year of manufacture. Further, they're adverts from around 9 months after the time of the loss. As we know the market fluctuates, I'm not satisfied the limited adverts provided – particularly noting two of them are private sales and don't reflect all those available in the market - present a true reflection of the market value at the time of loss.

I've also thought about the adverts supplied by Mr A. But I note these also aren't for vehicles of the same age.

Therefore, I've thought about the valuations produced by the guides, where Advantage's offer sits within this, and the extent to which it's supported by the additional evidence I've reviewed. Having done so, I'm not satisfied Advantage's offer for the market value of Mr A's car was fair according to the terms and conditions of the policy. It now needs to put things right by taking the steps outlined below.

I recognise Mr A still has the car and says he hasn't yet decided if he wants to retain it as he was waiting for the valuation aspect to be resolved. Now this has been resolved by decision, Mr A must notify Advantage within a reasonable time if he wants to retain his vehicle. I consider this to be within the same period he has to accept this decision. And interest due under this decision should accrue for a fair and reasonable period. Therefore, for example, if Mr A doesn't notify Advantage in the time provided above, any further interest should be paused until this has been done.

There will also some practical matters which need to be resolved relating to Mr A's car. If any issues arise as a result, the matter may be brought back to this service. However, before this happens, I'd encourage both parties to approach these arrangements as positively and flexibly as possible.

The service from Advantage has fallen below the level Mr A was entitled to expect of it. Taking all the circumstances of the complaint into account, I consider the compensatory payment of £180 already paid by Advantage to Mr A is a fair and reasonable way to resolve this part of Mr A's complaint.

Finally, I note Mr A's comments about this happening to other people who aren't able to fight the case. But this isn't something our service can consider in this matter. We look at individual complaints. The Financial Conduct Authority is the party who regulates insurers and can consider their processes and behaviours more generally. So, whilst this might be something Mr A wants to take forward with them, it's not something I can consider in this complaint about the valuation of his car.

### **Putting things right**

To settle the complaint in this matter, Advantage Insurance Company Limited will need to do the following.

1. Use a market value for Mr A's car of £7,401.
2. Pay 8% simple interest on the total settlement from the date 30 days after Mr A's claim was made up to the date of actual payment (making appropriate reductions for any interim payments on the date they were made).

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

### **My final decision**

For the reasons set out above, my final decision is I uphold this complaint. Advantage Insurance Company Limited needs to do the things set out above to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 4 March 2024.

Rebecca Ellis  
**Ombudsman**