

## **The complaint**

Mr M complains Advantage Insurance Company Limited is unfairly seeking to recover motor insurance claim costs from him.

## **What happened**

Mr M's Advantage motor insurance policy renewed in January 2020. In October 2020 his vehicle was damaged in a collision with a third-party. He claimed for the damage under the Advantage policy. He explained, when registering the claim, that he had been using the vehicle for courier work at the time of the incident. Repairs were completed under the policy in November 2020.

In September 2023 Advantage told Mr M he had to repay it the cost of the repairs – around £2,434. It said his policy doesn't cover damage when the vehicle is being used for couriership. Mr M agreed a repayment plan but was unhappy with being asked to repay the costs. In November 2023 Advantage issued a complaint final response. It didn't agree to write off the claim costs.

Mr M wasn't satisfied with Advantage's position. He said he can't afford to repay the claim costs. He would like to challenge its recovery of the money. So he referred his complaint to the Financial Ombudsman Service.

Our Investigator was satisfied Mr M's claim wasn't covered by his Advantage policy. However, she felt the insurer should have realised that from the outset and not arranged and paid for the repairs. So she felt it was unfair for it to rely on a recovery term in the policy to seek reimbursement from Mr M. She felt Advantage's mistake, in paying the claim, had prejudiced his position. She said by instructing its own repairers he had been unable to make an informed decision on what he wanted to do following the accident.

Initially the Investigator recommended, to make up for its mistake, that Advantage write off the entire repair costs. However, after it made the point he would have incurred repair costs even if Advantage hadn't undertaken them, she amended her recommendation. She felt it possible he would have arranged for a smaller scope of repairs. So she considered a fair resolution would be for Mr M to reimburse Advantage 50% of the repair costs and for it to write off the remainder.

Whilst Advantage accepted the 50% proposal Mr M didn't. He said he still couldn't afford the repayments and could have arranged the repairs himself for cheaper. As the complaint wasn't resolved it was passed 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.

As this is an informal service I'm not going to respond here to every point or piece of

evidence Mr M and Advantage have provided. Instead I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted.

Mr M's policy covers him for social, domestic, pleasure and commuting use. It also specifically excludes, in the general exceptions section, damage that takes place whilst the vehicle is being used for couriership. He accepts he was using it for that purpose when the collision occurred. So Mr M wasn't covered for the damage. Ultimately Advantage's decision to decline the claim seems reasonable.

The policy says if Advantage doesn't accept the claim Mr M may have to pay any costs already incurred. However, it had already arranged and paid for repairs in the knowledge the vehicle was being used for couriership. So I've considered if that act can be considered an error, if that error caused Mr M detriment or loss – and ultimately if it's fair and reasonable for Advantage to recover the claim costs from him.

It was a mistake for Advantage to have arranged repairs when it was aware of the car being used for couriership. It should have realised earlier that Mr M's claim for damage to his vehicle wouldn't be covered. If it had done so he would have been able to fully consider his options. Instead Advantage removed those options by repairing the car and later billing him for the work.

I'm satisfied Mr M would have had the repairs made in any event. He's said as much. He says he would have had them done for a less than the £2,879 (including £445 policy excess already paid by Mr M) cost incurred by Advantage.

Mr M hasn't provided any evidence to support the lower costs. It would be difficult to do so now - years after the event with the vehicle already repaired. Our Investigator recommended, as a reasonable resolution, for the repair cost to be split on a 50/50 basis.

I agree that's a fair proposal in the circumstances. It recognises that Advantage made a mistake by arranging the repairs when it had already been made aware of the relevant circumstances. It takes into account that Mr M benefited from an arranged insurer's repair he wasn't covered for under his policy. It also reflects the possibility that he may have been able to find a lower price for the repairs.

50% of the £2,879 repair costs is £1,394. Both Mr M and Advantage should cover that amount. Mr M has already paid £445 through his excess payment. So his remaining contribution is £949. So my decision will be that Advantage can recover that amount in total from Mr M – including any repayments he's already made.

I accept that will be difficult financially for Mr M. I'd expect Advantage to agree to an affordable repayment schedule for him. It proposed a repayment plan previously so I'm confident it will do so again.

Mr M's questioned why it took so long for Advantage to seek recovery from him. I note it made an unsuccessful attempt to recover from his 'third-party only' courier insurance. But it hasn't provided a reasonable explanation for the length of time involved. However, I can't see that Mr M was caused any additional loss, inconvenience or other by the delay.

I'm not awarding any compensation to Mr M. Advantage did make a mistake. That may have caused him some distress or inconvenience related to its attempt to recover the larger claim amount. However, I feel the outcome on the claim costs, agreed by Advantage, is enough to put things right for Mr M.

Finally it seems Advantage cancelled Mr M's motor insurance policy following its decision on the claim coverage. He hasn't raised concern at that with this Service. So I haven't considered the cancellation as part of this complaint.

### **My final decision**

For the reasons given above, Advantage Insurance Company Limited can only recover a total of £949 from Mr M.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 16 May 2024.

Daniel Martin  
**Ombudsman**