

## **The complaint**

Mr W has complained about his car insurer Advantage Insurance Company Limited because it didn't tell him it had received a claim from a third-party driver regarding an incident which Mr W's partner was at fault for.

Mr W's partner is a named driver on the policy which Mr W holds with Advantage.

## **What happened**

Mr W's partner was driving whilst they were out shopping, and whilst trying to park made contact with a parked vehicle. Mr W believed the matter was going to be sorted outside of the insurance policies but called Advantage to notify it of the incident.

Around eight months later Mr W's policy was due to renew and he called Advantage to query the renewal price. He was told there was an open claim on the record, from the third-party driver. Advantage then settled and closed the claim that same day. Mr W was unhappy that he hadn't been told about the claim – and that it appeared that it had only been resolved because of his call to query the renewal premium. He said he would have claimed for his losses if he'd known there was a claim in any event. So he complained.

Advantage said that it had followed procedures by notifying Mr W of the outcome of the claim. It said that its focus is on resolving claims quickly, so it isn't usual for it to tell policyholders when claims have been made against them. When Mr W complained to the Financial Ombudsman Service, Advantage said it wanted to remind us that it is not for us to pass judgement on its processes or state whether we think they should change. It maintained that it had acted fairly in line with its processes.

Our Investigator, having regard to industry guidelines about handling claims, felt Advantage had not acted fairly. That it hadn't settled the third-party claim promptly or kept Mr W appropriately advised of its progress. She felt Mr W would have explored repairing his own car within the claim against the policy if Advantage had told him a claim was progressing. She felt he wouldn't have been shocked and disappointed at renewal as he was when first learning of the open claim. For the disappointment caused by the loss of opportunity and for the distress and inconvenience caused at renewal, she felt Advantage should pay £150 compensation to Mr W.

Mr W acknowledged the findings. Advantage said it had given Mr W the option of making a claim, but he had decided not to. It also didn't believe – given the policy excess Mr W would have had to pay – that he'd have pursued a claim because he hadn't completed the repairs, at a similar price to the excess, until several months later. It said the fact the claim had not been settled by the time the notice to renew was issued was irrelevant – whether Mr W declared a claim or an incident wouldn't have affected any premium offered. It maintained that it had acted in line with its processes as it had told Mr W that it would deal with any third-party claim and notify him of its outcome, which is what it did.

The complaint was referred for an Ombudsman's 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.

Advantage is correct in that it isn't my job to comment on its procedures – I can't find that its procedures, in general, are unfair, or make directions requiring it to change them. But I can consider whether it acted fairly and reasonably in respect of its policyholder, Mr W, and handling the claim made against his policy. And, in my view Advantage did not act fairly and reasonably in these respects.

The policy Mr W has with Advantage does give it the authority to handle claims as it sees fit. But Mr W is entitled, in fact needs to know, what Advantage is doing with his policy. Because any claim made against the policy is something he will need to declare at renewal. Advantage could have significantly disadvantaged Mr W if he had not called to speak with it at renewal and instead taken his business elsewhere. Luckily that disadvantage was not suffered here by Mr W – but he still suffered the shock and disappointment of finding out there was a claim against him, that eight months after the incident, had not been settled. And I think he was reasonably further disgruntled to find that, Advantage then, seemingly only as result of his enquiry, settled and closed the claim. Advantage hasn't explained why there was such a delay in the claim being dealt with, or why, if the timing was just pure coincidence, it was only settled following Mr W's enquiry.

As our Investigator pointed out to Advantage there are industry guidelines for insurers handling claims. The guidelines require (amongst other things) for claims to be handled promptly and for policyholders to be kept appropriately informed of progress. Given the details set out above, Advantage doesn't seem to have done that here. I'm satisfied that its failure to do so caused some distress and inconvenience to Mr W.

I also note that Mr W, had he known about the claim from the other driver, would have looked at claiming for the damage to his own car. I can see that he fixed his car six months after the incident. I don't think it's safe to assume, as Advantage has, that he only did that then for monetary reasons. But I bear in mind that it's not clear that Mr W would have been able to successfully pursue a claim under his policy.

Mr W's policy excess, for using Advantage's garage, was £490. Mr W's own garage was able to fix his car for £520. The cost for an insurer to complete repairs is often less than that charged on the open market. And if the cost for Advantage to fix the car was less than the policy excess, the claim would not have succeeded. Further if Mr W had progressed the claim by choosing to use his own garage, an additional excess would have applied – which was more than the repair cost to him. So I can't be sure that Advantage's failure to provide appropriate updates to him put him at a loss regarding the damage to his car.

The point though is that Mr W should have had the opportunity to understand and consider his options at the time. With him only not having had that opportunity because of Advantage's failures. I accept that has caused Mr W some frustration.

Overall, as I said at the start, I think Advantage didn't act fairly and reasonably towards Mr W on this occasion. And I've also explained that, in my view, those unfair and unreasonable actions caused Mr W distress and inconvenience. I'm satisfied that £150 compensation is fairly and reasonably due to make up for that.

## **Putting things right**

I require Advantage to pay Mr W £150 compensation.

**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 Mr W to accept or reject my decision before 8 May 2024.

Fiona Robinson  
**Ombudsman**