

The complaint

Miss B is complaining about the length of time it took Advantage to provide her with a courtesy car after she made a claim on her car insurance policy.

What happened

In April 2024 Miss B contacted Advantage to claim for damage to her car. She's unhappy it took Advantage around two months to provide her with a courtesy car. Advantage accepted this and paid her £410 in compensation. Miss B didn't accept this as she said she needed a car for her business, so had to hire another car. And she said this cost significantly more than £410. So she referred her complaint to this Service.

Advantage initially told this Service it was willing to pay Miss B a further £360 in compensation. Miss B still didn't think this covered her expenses. Our Investigator agreed with Miss B and thought Advantage should refund the costs Miss B had incurred plus pay £200 in compensation. Advantage didn't agree as it said Miss B had hired a much larger car than she was entitled to under the policy. So it didn't think it needed to pay the full cost.

As Advantage didn't agree with the Investigator, the complaint's been 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.

There's no dispute Advantage delayed the handling of Miss B's claim. It seems for a variety of reasons, Miss B's car wasn't collected and taken to the repairing garage for around two months after Miss B made her claim. As a result of this, Miss B wasn't provided with a courtesy car that she was entitled to under the terms of the policy. Advantage accepts this, but says the £770 compensation it's offered is fair compensation. The issue for me to decide is whether it's sufficient. I don't think it is and I'll explain why.

Where someone suffers a loss as a result of a business's wrongdoing, I need to consider three questions:

1. Is the loss a direct result of what went wrong;
2. Is it reasonably foreseeable that the customer could incur this loss as a result of what the business did wrong; and
3. Did the customer taken reasonable steps to mitigate their losses?

It's not disputed Advantage delayed Miss B's claim by around two months. And it didn't provide her with a courtesy car during that time. Miss B had declared to Advantage she used her vehicle for business purposes to carry goods. As she needed a vehicle for work purposes, it's clearly reasonably foreseeable that she would have had to hire a car if Advantage failed to provide her with one. So I'm satisfied the costs Miss B incurred were a direct result of the delays Advantage caused and it's reasonably foreseeable she would have

incurred this loss given the initial delays on the claim. I now need to decide now whether Miss B took reasonable steps to mitigate her losses.

Advantage has said, under the terms of the insurance policy, Miss B was only entitled to a small car. While I don't dispute this, I don't think what the policy provides is materially relevant as Advantage didn't provide her with this. And, as I said, it did cause a two month delay in the time Miss B was without her car. She's out of pocket because of this, so the issue for me to consider is whether it was reasonable for Miss B to hire the car she did.

It seems Miss B hired three cars during the two month period. She's explained she did so because the hire car provider she used required her to change the first car. She then said she had to drive for work and needed to get a lot more things in the car that wouldn't fit in the smaller cars. In particular she said she had to transport goods for her work and couldn't get a van at short notice. So she said this is why she changed to a larger and more expensive car as the third car.

Ultimately, Miss B has given a fair and reasonable explanation for why she hired the vehicles she did. They were smaller than the vehicle she actually owned and I think it's in line with what a reasonable person would have done in the same circumstances.

Ultimately, I don't think Miss B would have incurred these costs had Advantage handled the claim in the way it should have done. And I see no reasonable reason why Advantage shouldn't refund these costs. So it should refund this, plus 8% simple interest from when she paid them until she gets them back.

I can also see Miss B continually had to chase Advantage to find out what was happening with her claim. I also understand Miss B had to pay the storage charges to release the car from the Police compound due to Advantage's delays. I understand Advantage has agreed to refund this, but it should do so if it hasn't already done so.

Ultimately, I think all of this will have caused Miss B unreasonable distress and inconvenience. Advantage has agreed to pay Miss B £200 in compensation and that's in line with what I would have awarded.

I'm conscious Miss B has also raised concerns about issues that arose in the claim after Advantage's final response letter. But I'm unable to consider anything that's happened after the final response letter in this decision.

My final decision

For the reasons I've set out above, it's my final decision that I uphold this complaint and I require Advantage Insurance Company Limited to do the following to put things right:

1. Refund the amount Miss B paid to hire the three cars*;
2. Refund any storage charges Miss B can show she incurred*;
3. Pay Miss B £200 in compensation.

Advantage Insurance Company Limited has already paid Miss B £410 in compensation for the above. It can deduct this amount from what I'm requiring it to pay.

* It should add 8% simple interest per year from when Miss B paid it until she gets them back. If Advantage Insurance Company Limited thinks that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss B how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 18 December 2024.

Guy Mitchell
Ombudsman