

The complaint

Mrs and Mr W complain that Advantage Insurance Company Limited has treated them unfairly when handling a claim made on their motor insurance policy.

What happened

Mrs and Mr W complained to Advantage Insurance about the valuation it had placed on their car and how it handled the claim. This complaint was brought to our Service and has been investigated under a separate reference, looking at the events up until 5 December 2023 when Advantage Insurance issued its final response.

In February 2024, Mrs and Mr W became aware that their car had been sold. They believed it was being held in storage and was safeguarded from sale as they'd previously been told this is what would happen. They are disappointed at losing the opportunity to buy their car back and feel Advantage Insurance has failed to do what it should have with their car.

They have also received communication from Advantage Insurances solicitors where Mr W is being accused of being involved in the accident. Mrs and Mr W feel these communications are unprofessional and have been distressing and confusing to receive.

Advantage Insurance consented to this Service looking into these two new complaint issues but provided no comment on its actions. It provided some information to set out why it felt it was entitled to sell Mrs and Mr W's car after it had made its final offer to settle their claim. And as they didn't think Mrs and Mr W wanted to retain the car after not hearing from them on this point after their offer was made, it was sold to avoid paying continuous storage costs.

Our investigator looked at this complaint and felt Advantage Insurance had not done what it should have and Mrs and Mr W have lost out as a result. She couldn't put them back in the position they would have been had the option to retain the car been given to them. But she recognised the loss of opportunity and distress this will have caused. She recommended a payment of £750 distress and inconvenience for this.

Our investigator also thought additional distress was added when Advantage Insurances solicitor contacted Mr W with incorrect information and implied he was involved in the accident. She felt this compounded the distress of the claim handling from where it was previously and an additional payment of £150 should be made for this.

Advantage Insurance provided no response to the view.

Mrs and Mr W said they could not accept the outcome and asked that the complaint be referred for decision. They don't feel this comes close to addressing the inconvenience they've experienced as a result of the errors. They feel this amount would have little impact on Advantage Insurance when by comparison, they've lost out significantly, both emotionally and financially.

They feel the car should have been repaired when the claim was first made and the decision to deem it a total loss was incorrect. They had every intention of always buying their car

back once it was deemed a total loss and written off and this should have been clear. Advantage Insurance took away their option to do this and they don't think £900 comes close to addressing this impact.

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 am upholding this complaint and asking Advantage Insurance to take steps to put things right. But I am afraid this doesn't go as far as I know Mrs and Mr W would hope.

Mrs and Mr W were told on 5 December 2023 that their car was being safeguarded from sale but this was removed on 18 December. I cannot see that Mrs and Mr W were told this was happening, or that this would happen after Advantage Insurance made its final offer to settle their claim.

I accept that the terms and conditions for the policy set out that ownership will pass to Advantage Insurance if a claim is settled, but here the offer and accepting this as the settlement of the claim was subject to an ongoing dispute. The claim notes show that Mrs and Mr W refused to provide their bank details for the payment to be made and were told that a cheque would be raised in the absence of this regardless of their acceptance. There is no indication that Mrs and Mr W were told that the offer was being treated as accepted, or that this would have impacted the safeguarding of their car from sale.

Ultimately, while storage costs may have been increasing if the car remained in storage while the dispute about the valuation continued, Mrs and Mr W should have been made aware of this and what might happen if Advantage Insurance treated the claim as settled.

The impact here is significant. Mrs and Mr W had previously explained to Advantage Insurance that they were not happy with the claim process and the impact this was having on them. This does not appear to have been considered at any point. And after asking for their car to be safeguarded from sale and this agreed, no notification was provided of this being changed when the settlement cheque was sent out.

Mrs and Mr W cannot be given the option to now buy their car back and the disappointment and distress of this is understandable. My role when thinking about an award is not to punish the business. I note Mrs and Mr W have spoken about how they feel the award recommended by our investigator will not be felt by Advantage Insurance, but this isn't the purpose of it. It is to reflect the additional distress caused as a result of an error and this will be in line with this Services approach to awards for distress and inconvenience.

The failure to inform Mrs and Mr W about the sale of their car has caused considerable distress, upset and worry. This has added to an already difficult situation where they feel Advantage Insurance has failed to treat them fairly. Based on this, I agree that an award of £750 to recognise the impact of this mistake is fair and reasonable.

Our investigator has also highlighted that Mrs and Mr W have continued to receive correspondence from Advantage Insurance's solicitor. This correspondence has incorrectly insinuated Mr W was the third party to the accident that Mrs W had. This has added additional distress and disappointment to Mrs and Mr W as they've needed to clarify things that shouldn't need clarifying. I agree this additional distress needs to be recognised and it is right to do this in addition to the impact of the car being sold without Mrs and Mr W's knowledge. I feel an additional £150 for this is fair.

Mrs and Mr W have explained they are both on continuing medication for the anxiety caused as a result of Advantage Insurance and it's handling of this claim. I am sorry to hear this is the case. The compensation awarded is to recognise the impact of the failings made but I do not think it would be fair to ask Advantage Insurance to cover the cost of any ongoing medication. This may continue for sometime and be impacted by other factors and because of this, I don't think it is fair and reasonable to ask for an additional payment to cover this.

Overall, I feel Advantage Insurance has failed to treat Mrs and Mr W fairly. They were providing misleading information about their car and whether it would be sold. And the overall service and information provided about the claim added distress which I feel could have been awarded.

Putting things right

In recognition of the distress and upset caused when Advantage Insurance failed to notify Mrs and Mr W of the sale of their car. And with the addition of continuing failings with information request from Advantage Insurances solicitors, Advantage Insurance should pay Mrs and Mr W £900.

My final decision

For the reasons I've explained above, I uphold Mrs and Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 28 August 2024.

Thomas Brissenden
Ombudsman