

## **The complaint**

Mr T is unhappy about the way Advantage Insurance Company Limited has handled a claim made on his motor insurance policy by a third party.

Mr T has been represented by Mr A in the complaint process. For ease of reference, I will refer in my decision to any comments made, or actions taken, by Mr A as though they were made or taken by Mr T, unless specified.

Part of this complaint concerns the actions of an intermediary, for whom Advantage is responsible. Any reference to Advantage includes the actions of its intermediaries.

## **What happened**

Mr T held a motor insurance policy with Advantage. In April 2023, Mr T was involved in an accident with a third-party driver for which Mr T accepts responsibility. Mr T says the damage was minor they agreed they would settle without involving their insurers.

Several months later, Mr T learned that the third party had made a claim via a credit hire company and Advantage was looking to settle this. Advantage told Mr T the total cost of the claim and Mr T thought this was much higher than it should be. So, he became concerned that the third party was acting fraudulently. He thought Advantage hadn't investigated the claim properly and should have defended it, so he complained.

Advantage looked into Mr T's complaint and didn't uphold it. It said the correct procedure had been followed, it had kept Mr T updated, and it didn't think fraud had been committed. It also didn't agree to give Mr T a breakdown of the third party's costs.

Mr T didn't think this was fair, so he referred the matter to the Financial Ombudsman. He was still concerned that the third party's claim was fraudulent, and this has caused the loss of Mr T's no-claims discount and led to him paying higher premiums.

Having reviewed the complaint, I issued a provisional decision to both parties. In it I said:

*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 intending to uphold the complaint in part. I'll explain why.*

*As is standard in motor insurance, Mr T's policy gives Advantage the right to handle the defence and settlement of claims made against it. But it needs to exercise that right fairly. I appreciate Mr T thought the matter had been settled and I've listened to the call he had with the third party. But, once the third party chose to make a claim, Advantage needed to respond. And because the claim was made via a credit hire company, I would expect to see Advantage thoroughly investigate before it chose to settle.*

*Advantage's claim notes show it investigated the different costs, requested and reviewed supporting evidence, negotiated, and ended up settling at a much lower amount than was first claimed. I've also reviewed the key pieces of evidence that the credit hire company provided, like their engineer's report and a breakdown of their costs. While I can't share this with Mr T, I hope he can feel reassured that I've reviewed it, and I haven't seen anything to suggest the claim was fraudulent or inflated. So, I think Advantage negotiated and settled the claim fairly.*

*I also appreciate Mr T is concerned that Advantage didn't consult him further about details of the accident. But, based on the evidence I've seen, and considering Mr T has accepted he was responsible, I think it was reasonable that Advantage exercised its right to accept liability based on the information that it had.*

*Even so, I think Mr T's concern that the claim was fraudulent stems from how long he thought the third party took to submit the claim and how much the claim cost compared to the damage caused in the accident. And I think Advantage are responsible for causing and sustaining that concern. First, Mr T has said he believes the third party submitted their claim several months after the accident, but this wasn't the case. The third party submitted their claim very soon afterwards, but Advantage didn't pick this up. Advantage's claim notes show it was aware of this. On 27 July 2023, around three months after the accident, it wrote the following:*

*"We are on for the duration [the credit hire company] sent NCA on 29/04 requesting an inspection. We never picked up this nor the several chasers sent. In the end [the credit hire company] arranged their own inspection and sent us the report. Again we didn't pick this up until a month later despite numerous chasers from [the credit hire company]."*

*Because it took around three months for Advantage to begin negotiations, I think Advantage are responsible for a significant delay. It has said it sent emails and updates to Mr T to make him aware of what was going on. But I don't think that's right. I haven't seen evidence that Advantage provided meaningful updates between April and August. So, I can understand why Mr T was confused and concerned that he may have been the victim of a fraudulent claim.*

*Second, because the claim costs were mostly made up of hire and storage charges – which had been charged on a daily basis – I think Advantage's delay increased the cost of the claim by a significant amount. So, I can understand why Mr T was concerned when he learned the cost of the claim. And I don't think Advantage took the opportunity to explain why the claim amount was as high as it was, and its role in this. It's clear to me that this has all caused Mr T unnecessary shock, distress and worry. So, I intend to tell Advantage to compensate Mr T £200 to recognise the impact of its delays and poor communication.*

*I'm mindful that Mr T's representative, Mr A, has partly dealt with Advantage in this matter. I do not have the power to award compensation to Mr A for any distress or inconvenience he may have been caused while representing Mr T. But, I'm satisfied Mr T has been affected by what's happened and I think the award I'm intending to make reflects that.*

*In terms of higher premiums, Advantage has said that the amount paid out on a claim is not something that it asks when a customer is obtaining an insurance quote. It says it only looks at whether a claim was fault or non-fault. And this isn't unusual in the motor insurance industry. I haven't seen any evidence to show that Mr T has*

*been charged higher premiums as a direct result of the claim settlement amount, so I don't intend to make an award for this.*

I set out what I intended to tell Advantage to do to put things right and asked both parties to send me any further evidence or arguments they wanted me to consider.

Neither party responded to my provisional decision by the deadline I gave. So, I now think it's appropriate to issue my final 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.

As neither party responded to my provisional decision, I find no reason to change it.

### **Putting things right**

To resolve this complaint, Advantage must pay Mr T £200 compensation for distress and inconvenience.

### **My final decision**

For the reasons I've given, I uphold Mr T's complaint and direct Advantage Insurance Company Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 20 August 2024.

Chris Woolaway  
**Ombudsman**