

The complaint

Mr B complains about how Advantage Insurance Company Limited (Advantage) valued his vehicle following a claim made under his motor insurance policy.

References to Advantage include its agents.

What happened

In December 2023, Mr B's vehicle was involved in an accident, which Mr B says resulted in his vehicle being undriveable. Mr B reported the accident to Advantage to claim for the damage.

In January 2024, Mr B was contacted by Advantage advising his car was a write off, due to it being uneconomical to repair. So, Advantage would settle Mr B's claim by paying him the car's market value less any excess.

Mr B says he was surprised by this. He felt the terms and conditions of his insurance policy were such that repairs would be made, up to the market value of his vehicle. Mr B says he was told by the Bodyshop, repairs would be in the region of £24,000. As he'd purchased his vehicle four months prior to the accident for £28,000, and having looked at adverts for similar vehicles at the time of the accident, Mr B says the same were valued at £27,000. Therefore, Mr B felt the value of his vehicle was greater than the repair costs.

Advantage initially valued Mr B's vehicle at £21,612.50. In response, Mr B says he provided Advantage with an extensive description of his vehicle, including proof of its factory fitting extras. Advantage subsequently valued Mr B's vehicle at £23,270. It calculated this by reviewing three valuation guides giving figures of £22,705, £23,265 and £23,270 respectively.

Mr B rejected Advantage's valuation as he didn't think it was fair. Thereafter, Advantage's Senior Engineer considered the valuation of Mr B's vehicle and increased it to £25,000.

Mr B still didn't think this was fair so brought his complaint to this Service.

Our Investigator thought Advantage had valued Mr B's vehicle fairly. Mr B didn't agree as he maintained the valuation didn't take into account the optional extra package he had on the vehicle.

Mr B disagreed with our Investigator, so his complaint has 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.

I've decided to not uphold this complaint and I'll now explain why:-

Policy Terms and Conditions

My role isn't to work out the exact value of an individual vehicle. It's to look at whether an insurer has applied the policy's terms and conditions and valued the market value of the vehicle fairly.

At page 15 of Mr B's policy terms and conditions this provides a definition of market value. It says:-

"The cost of replacing your Car in the United Kingdom at the time the loss or damage occurred with one of the same make, model, age and condition. This may not necessarily be the value you declared when the insurance was taken out. Your insurer may use publications such as Glass's Guide to assess the Market Value and will make any necessary allowances for the mileage and condition of your Car and the circumstances in which you bought it."

Further at Section 1 on page 17 it says:-

"If your Car is damaged or lost because of an accident...there are four ways your Policy can help you get back on the road again. Your insurer will do one of the following:

- *Pay for any necessary repairs*
- *Replace your Car*
- *Repair the damage*
- *Pay the Market Value of your Car immediately before the loss*

Accessories are also covered while they're in or on your Car or in your private garage."

The above policy terms set out that Advantage has four options available, which include either paying for repairs or paying for the market value of the vehicle immediately before the loss. I understand that Mr B feels repairs should have been carried out to his vehicle.

The repair costs to Mr B's vehicle were significant. The engineers report provided puts the repair costs of Mr B's vehicle in excess of his vehicle value. So, taking everything into consideration it wasn't unreasonable for Advantage to choose to settle the claim by paying the vehicle's market value instead of repairing the vehicle.

Vehicle Value

Advantage when assessing a fair market value of a vehicle, have used valuation guides. The valuation guides are based on the advertised prices of similar vehicles, with a similar age and mileage as the vehicle its valuing, at the time of loss. It isn't unreasonable for Advantage to do this and is standard practice within the industry.

Advantage have provided three valuation guides it used when valuing Mr B's vehicle, providing valuations of £22,705, £23,265 and £23,270. Advantage also obtained its Senior Engineer's valuation, who valued Mr B's vehicle at £25,000. When responding to this Service, Advantage have provided a fourth valuation of £24,364. In amongst the valuation guides used, the factory fitting optional extras have also been checked and have been taken into account. I'm satisfied the correct vehicle information has been used and the values obtained by Advantage are relevant to Mr B's vehicle.

This Service has obtained a further valuation of £24,764 along with also considering the factory fitting optional extras. I'd consider it good industry practice for Advantage to look at

the highest valuation guide, as the fairest reflection of the market value of Mr B's vehicle, unless it can show this isn't a fair reflection of the vehicle's market value. Advantage's valuation of £25,000 is more than the valuation guides obtained.

Additionally, Advantage have provided advert examples for vehicles similar to Mr B's.

As to the advert examples provided by Mr B, the original links are unable to be opened. He has therefore provided further screenshots of vehicle adverts which show a date of 2 January. Whilst the value of the vehicles contained within those adverts is higher than the valuation placed on his vehicle by Advantage, the adverts don't provide additional information about the vehicles, to see whether the same are comparable with Mr B's vehicle. On this basis I'm not persuaded Mr B's adverts would've had any impact on the valuation of his vehicle as given by Advantage. And I haven't seen anything to show that using the four valuation guides and the Senior Engineer's valuation provide an unfair valuation of his vehicle.

Therefore, taking everything into account, I'm satisfied Advantage's valuation of £25,000 for Mr B's vehicle is fair and reasonable.

Mr B will undoubtedly be disappointed as he maintains that his vehicle value is higher, but I don't find the adverts to be persuasive to Advantage increasing its vehicle valuation.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 January 2025.

Lorna Ball
Ombudsman