

The complaint

Miss P complained about the poor service she received from Advantage Insurance Company Limited (“Advantage”) during a claim and she thought her car should’ve been written-off shortly after making the claim. Advantage was providing a motor insurance policy.

What happened

Miss P was involved in an accident with another car. She felt distressed as her insurer didn’t recognise the claim to be a “non-fault” claim for Miss P, although Advantage did accept this to be the case later.

When Miss P was contacted for the garage to pick up her damaged car, she asked if the car should be written-off. She provided Advantage with photos as requested, but it decided to arrange for its appointed repairer to pick up the car and repair it.

The courtesy car Miss P was provided with had some issues with it, which meant Miss P didn’t feel safe when driving. She didn’t feel the car provider supported her, but she finally managed to change it for another vehicle until her car was repaired.

When Miss P’s car was returned, she experienced several issues with it as the repairs weren’t effective. It went back to be repaired again, which caused further issues with the logistical arrangements relating to the courtesy car she had.

When the repaired car was returned, Miss P continued to be unhappy with a range of issues relating to the workmanship on her car. Advantage offered £50 compensation for the inconvenience for Miss P needing to get further repairs, although it did increase this offer to £200 once the complaint had been escalated to our service.

Miss P thinks her car should’ve been written-off in the first place and thought the standard of workmanship was unsatisfactory. She felt her complaint was fobbed off by Advantage and she struggled to get it to address her concerns. Finally, Miss P’s car was inspected by an independent expert, to try and break the impasse. The expert said the costs of repairing the car were higher than its value and highlighted some faults with the repairs completed.

Miss P thought the market value for her car was £8,000. She wanted to sell the car as all the issues she’d had with her car made her feel unsafe driving it. She tried to sell her car, but couldn’t achieve the market value, so she ended up part exchanging it for £5,250 against a new car.

Miss P would like to be compensated for the loss in value of her vehicle and for the distress and inconvenience she’s suffered.

Our investigator decided to uphold the complaint. She thought due to the high cost of repairs, it would’ve been fairer for Advantage to write off Miss P’s car. Given Miss P’s car was worth less after it had been repaired, she asked Advantage to make good this loss, which was £3,630 plus 8% simple interest per annum. She asked Advantage to pay £200 compensation if it hadn’t already. Advantage disagreed, so the case has been referred to an ombudsman.

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 reviewed why Advantage rejected our investigator's viewpoint. It said *"considering the cost [was] under the valuation [the repairer] placed on the vehicle, [the repairer] followed the correct process in this case. As a business, it's our decision on if we want to repair a vehicle or write it off"*.

Advantage said, *"The cost of repairs before the rectification work was completed was 86% of the vehicle value and based on this it was more economical to repair Miss P's vehicle instead of writing [her] vehicle off"*.

Both these comments have been made to our service since the complaint was escalated. I've looked at what information was available to Advantage at the time it made its decision to repair the vehicle rather than write it off.

At the time the decision was made to repair Miss P's car, Advantage's appointed engineer reported the repair reserve as £7,718 against an estimated value of the car of £7,755.

Given we have an independent report provided in this complaint, I've reviewed this as well. It confirms what the engineer reported. The independent expert said, *"I bring to your attention the repair costs are significantly higher than the repair threshold and also above the vehicle pre-accident value (PAV)"*.

Therefore, I think the evidence shows at the time of the decision, the repair costs were likely to be more than the estimated value of the vehicle. I find the information provided at the time the decision was made more persuasive than what Advantage is saying now. This is because this was the real time information used to make the decision, but also as I know the car market can fluctuate so the value of a car will change from one month to another.

My role is to decide on what I think would've been the fairest approach to take at the time of the claim. I think Advantage's approach has led to a catalogue of issues which would've been avoided if it had done what most other insurers would've done in these circumstances, which is write the car off. Therefore, I uphold this complaint.

I appreciate Advantage's terms and conditions indicate it can decide what to do. However, most insurers start considering writing a car off once the repair costs reach 60-70% of the PAV. This is generally because the repair costs often end up higher than the initial estimate once engineers start stripping the car down to reveal the full extent of the damage. In these circumstances, I think writing off the car would've been the more reasonable approach. I haven't any reasoning from Advantage that's persuaded me that repairing the vehicle was fairer.

Miss P's claim went on for much longer than it should've done. There were defects in the workmanship carried out by Advantage's engineers, which were also highlighted by the independent expert. This not only undermined Miss P's perception of how safe she felt in the car, but it also caused her a significant amount of distress and inconvenience.

Due to her concerns about the safety of her car, Miss P felt compelled to sell it and she traded it in for another vehicle. I appreciate the vehicle may have been safe by the time the independent expert had rectified some of the outstanding faults. However, I'm persuaded from Miss P's testimony that she is a nervous driver. I'm persuaded by the way she's

described both her anxiety driving a courtesy car that didn't meet her needs and when her own car was returned to her with issues.

I think the enduring nature of the claim and due to the poor workmanship by Advantage's engineer, Miss P's confidence in her car had deteriorated to a level she didn't feel safe in her car.

When she traded her car in, she was only able to get £5,250 for her car in part exchange for a new vehicle. Miss P thought her car was worth £8,000, so she feels the accident has left her short changed. It was Miss P's decision to sell her car. However, as I think Advantage should've written her car off immediately and settled at the market value for the car, I agree I think Miss P has been impacted, so I've considered what the market value of the car was at the time of the incident.

As I haven't seen any evidence to support any valuations provided by Advantage, I've reviewed the valuation guides we have access to within our service. These guides valued Miss P's car between £7,925 and £8,880. I think given the wide range in values, it would be fairest in the absence of any other guiding material to settle the market value at the higher end of the range, £8,880.

I think Miss P has lost out by £3,630 (£8,880 - £5,250). I think Advantage should put this right, and as Miss P has been without this money, I require Advantage to pay Miss P £3,630 plus 8% simple interest per annum (from the date Miss P bought her new car to the date Advantage make this payment).

Advantage have offered £200 compensation in total. I think it has done a lot wrong. The claim has been delayed and there are things that could've been avoided. However, in these circumstances, I think this is fair. Partly, because I've allowed Miss P the highest valuation available for her car, but also, I think Advantage tried to progress the claim by involving an independent expert. I think this was a reasonable approach.

In summary, for the reasons I've set out, I uphold this complaint. In processing this decision, Advantage should ensure Miss P is not impacted, by ensuring her accident remains recorded as a non-fault claim with no impact on her no claims bonus.

My final decision

My final decision is that I uphold this complaint. I require Advantage Insurance Company Limited to pay Miss P:

- £3,630 plus 8% simple interest per annum (from the date Miss P bought her new car the date to the date Advantage makes this payment)
- £200 compensation – for distress and inconvenience (if it hasn't already).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 6 January 2025.

Pete Averill
Ombudsman