

The complaint

Mr H has complained about the way his motor insurer, Advantage Insurance Company Limited ('Advantage'), dealt with a claim he made on his policy after his car was declared a total loss.

Advantage is the underwriter of this policy i.e., the insurer. During the claim Mr H also dealt with other businesses who act as Advantage's agents. As Advantage has accepted it is accountable for the actions of its agents, in my decision, any reference to Advantage includes the actions of the agents

What happened

Mr H made a claim on his policy in May 2024 after he was involved in an accident where his car was damaged. Advantage arranged for the car to be assessed and it was declared a total loss.

Mr H initially told Advantage that he wanted to keep the car, but he wasn't happy with its initial valuation of £3,266.50. Mr H asked how much the retention figure would be, but Advantage said that the valuation would need to be agreed first.

Mr H was also unhappy with the courtesy car he had been given so Advantage arranged for a new one to be provided. It also upheld Mr H's complaint and offered him £50 compensation and apologised for the stress it caused.

In June 2024 Advantage returned with a higher valuation of £3,606. Mr H didn't accept the offer initially but later said he would accept it if he could also keep the car. He said this offer was made in full and final settlement of the claim and provided his bank details. Advantage issued a payment for £3,606 on the same day.

Advantage later contacted Mr H to say that a retention fee would have to be paid if he was planning on keeping the car and that he'd been previously made aware of its retention process. Mr H wasn't happy and said he felt he had been misled by Advantage and didn't agree to pay a retention fee or for the car to be collected. He said he had made a counteroffer to Advantage saying he would accept the £3,606 but keep the car which Advantage agreed to. Mr H said he incurred a £160 repair/recovery fee in the meantime because of this miscommunication and he also believed his car was worth between £3,900 and £4,100.

Advantage didn't uphold Mr H's complaint regarding the valuation of his vehicle. It said in arriving at its valuation it relied on valuations provided by recognised motor valuation guides. It also said that it had informed Mr H that once a car is deemed a total loss and a payment

for the pre accident value is made the car becomes its property though it could agree to him retaining it in certain circumstances.

Advantage said that the retention amount was £600 and asked for evidence of the £160 fee Mr H said he'd incurred. Mr H said he wanted the retention fee to be waived and the £160 reimbursed.

Mr H bought a new car in July 2024 and said he had decided he no longer wanted to keep his old car but didn't want it collected until his complaint was resolved.

Advantage responded to Mr H's complaint but it didn't uphold it. It said that it made him aware of the retention process and that a retention figure would only be provided once a valuation amount was accepted which is what happened in his case.

Advantage contacted Mr H at the end of August 2024 asking whether he was retaining the car and saying that if he did not allow it to collect it or pay a retention fee it would report the car as stolen and cancel the policy. Mr H complained and said he found this email threatening. He said that Advantage was already aware he was suffering from anxiety and that he was vulnerable and that this email caused him severe distress. Mr H confirmed that he wasn't keeping the car and it was collected in September 2024.

Advantage upheld Mr H's complaint about the threatening email. It apologised and said that it was a template document.

Unhappy with Advantage's responses Mr H then brought his complaint to our organisation and said he wanted to be compensated for the distress and inconvenience he was caused by Advantage. He said he was also unhappy about the valuation and that he had made a counteroffer to Advantage which it didn't object to. Mr H said that even after he told Advantage he wasn't keeping the car it still communicated with him asking for images of the car to assess it. He also said the threatening email from Advantage caused him anxiety and triggered a panic attack. He said this was despite him previously informing Advantage that he was vulnerable.

One of our Investigators reviewed the complaint and thought it should be upheld in part. Our Investigator thought Advantage's offer of £3,606 was fair and reasonable. She thought it was understandable Mr H thought his counteroffer had been accepted even though this wasn't Advantage's intention. She also thought the templated email would have caused him distress and inconvenience and that this is something Advantage should have been aware of as it was aware he was vulnerable. Our Investigator thought Advantage should pay Mr H £200 compensation for the distress and inconvenience it caused him. Our Investigator didn't think the £160 repair fee should be paid by Advantage as Mr H had not provided any evidence in support.

Mr H didn't agree with the £200 compensation and felt £750 would be more appropriate to reflect the significant stress, worry, anxiety and inconvenience he was caused.

Advantage also didn't agree with our Investigator's view. It said it apologised for the templated email that Mr H found threatening but maintained that the contents were correct

and that an apology was sufficient. It added that Mr H received his settlement in June 2024 and held on to the car until September 2024 when it was no longer his property. It said that the stress Mr H was under was mainly due to other issues and not something Advantage caused by its handling of the claim.

As there was no resolution the matter was referred for an Ombudsman's decision and 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.

The policy

The policy covers vehicle damage caused as a result of, among other things, an accident. One of the ways of dealing with such a claim would be by paying the market value of the car immediately before the loss. If the car can't be repaired or it is deemed to be unsafe or the cost of repair is uneconomical it will be declared a total loss. As soon as a total loss settlement is agreed and paid, Advantage will take possession and ownership of the car and any salvage will become its property.

The policy defines "market value" as the cost of replacing the car in the UK at the time the loss or damage occurred with one of the same model, make, condition and age. It also says that Advantage will use motor valuation guides to assess the market value.

The valuation

Our service has an approach to valuation cases like Mr H's that has evolved in recent times. When looking at the valuation placed on a car by an insurance company, I consider the approach it has adopted and decide whether the valuation is fair in all the circumstances.

Our service doesn't value cars. Instead, we check to see that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we tend to use relevant valuation guides. I usually find these persuasive as they're based on nationwide research of sales prices.

Advantage used the four motor guides we use. They produced values of £3,267, £3,606, £3,266 and £2,830 and from what I've seen these valuations were for Mr H's car. I think the valuations are fairly close to each other and I, therefore, didn't consider any to be an outlier. So I haven't discounted any of them.

Advantage valued Mr H's car at £3,606 which is the highest of the three valuations. Advantage hasn't provided us with any further evidence in support of its valuation and neither has Mr H though he said he felt his car was worth more.

Given there isn't any other evidence to persuade me that a valuation in line with the higher valuations produced is inappropriate and to avoid any detriment to Mr H the highest

valuation produced by the guides is my starting point. It follows that looking at the valuations produced by the guides I'm of the view that Advantage's offer of £3,606 is fair.

The handling of the claim

I note that Advantage offered Mr H £50 for the issues he had with the courtesy car. From what I have seen the issues were quickly rectified so I think Advantage's offer is fair and reasonable.

Mr H was unhappy because he believed Advantage accepted his counteroffer. But a few days later it said he had to pay a £600 retention fee. From what I have seen, when Advantage made its offer of £3,606 to Mr H it said it would raise a payment in the meantime while the offer was being reviewed. So, I think, the intention was to raise payment at that point regardless.

Nevertheless, I can see why Mr H would have felt his offer was accepted especially as the settlement payment was sent the same day. I think Advantage did mention a retention fee in earlier communications and as I said above it said the £3,606 would be sent regardless, while the offer was being reviewed by Mr H. So, I don't think it accepted the offer by raising the payment on the same day. But I think it should have clarified with Mr H that his offer had not been accepted before issuing the payment. I don't think Advantage adequately managed Mr H's expectations especially bearing in mind it was aware that he said he was vulnerable. I think this caused him a certain amount of distress and inconvenience.

Having said the above, I think Advantage did try to avoid causing Mr H additional distress. And it allowed him to keep the car longer than he should have. Nevertheless, Mr H told Advantage in July 2024 that he didn't want to keep the car but it still wrote to him in August 2024 to ask whether he was keeping it. And it used a templated email which threatened to report the car stolen and cancel his policy when it wrote to him. Advantage has apologised for this email. I have read the email and I can understand why Mr H would have found it threatening and, in the circumstances, I think Advantage should have avoided sending this letter.

Bearing in mind the above I think Advantage should pay Mr H £200 for the distress and inconvenience its actions caused Mr H.

I note Mr H said that he also incurred costs of £160 as a result of the miscommunication with Advantage regarding his counteroffer. As our Investigator said as Mr H hasn't been able to provide evidence in support of this claim, this isn't something I am able to award.

My final decision

For the reasons above, I have decided to uphold this complaint. Advantage Insurance Company Limited has already offered Mr H £50 for the issues with the courtesy car which I thought was fair in all the circumstances so my decision is that it must pay £50 if it hasn't already paid it. And it must pay also Mr H a further £200 for the distress and inconvenience it

caused him.

It must pay the compensation within 28 days of the date on which we tell it Mr H accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

If Advantage Insurance Company Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr H how much it's taken off. It should also give Mr H a tax deduction certificate if he asks for one so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 24 April 2025.

Anastasia Serdari
Ombudsman