

The complaint

Mrs S and Mr S are complaining about the way Advantage Insurance Company Limited has handled a claim Mr S made on his car insurance policy.

Mr S has largely represented both complainants in the handling of the claim and complaint.

What happened

In December 2023 Mr S contacted Advantage to say he'd been involved in an accident with a third party's vehicle. He initially said he wasn't looking to claim. But in January 2024 he claimed for the damage to his car. Advantage arranged for the car to go to one of its approved repairers ('the garage') and provided Mr S with a hire car during that time.

However, when the car was returned to Mr S on 31 May 2024 he said there was an issue with it pulling to the left. The car went back to the garage, but Mr S says the issue remained. Advantage asked Mr S to take the car back to the garage, but he didn't want to do so given the quality of the work before. Advantage asked him to obtain a report from a manufacturer dealership showing the issue was accident related as the garage didn't think it was as it said the car had passed geometry tests before it was returned to him.

Mr S was unhappy Advantage didn't provide him with a hire car during this time as he said the car wasn't safe to use. Advantage later provided him with a hire car on 27 June 2024. Mr S later took the car to a garage for a diagnosis. But he said it would cost around £200 for the report. However, the garage fixed the fault for £69.

Advantage paid Mr S £350 in compensation, but Mr S didn't think that was sufficient. So he referred his complaint to this Service. Since then Advantage acknowledged it should have provided Mr S with a hire car between 31 May 2024 and 27 June 2024 so it said it would consider any losses Mr S incurred as a result of that. It said Mr S had provided costs amounting to £283.81. It said most of these costs were going to and from work which it was willing to cover. But it said there were two further costs of £50.50 for a train ticket and £100 taxi fare it wanted more details of.

Mr S later said he was seeking losses of £975 (including hotel stays). He also wanted Advantage to refund his excess and pay a further £500 in compensation. He said he'd sought legal advice which suggested he was entitled to damages in the range of £10,000-£20,000. Mrs S also set out that she'd suffered losses in terms of fuel costs and lost earnings from not being able to get to work.

Advantage reconsidered its position and said the costs for the time period in were £333.32. But it still wanted clarity on the train and taxi fares.

I issued a provisional decision saying I thought Advantage's offer to settle the complaint was fair and I said the following:

"The car has been repaired by Mr S, so the only issue in question is whether Advantage's compensation offer is fair. I think it is and I'll now explain why."

I should first clarify that I understand Advantage has agreed to pay the costs Mr S incurred getting to work which it calculated to be £182.82 and the cost of repairing the car. It said it would consider the train fare of £50.50 and taxi fare of £100 if Mr S could explain what they were for. It's also paid £350 in compensation.

Financial losses

I'm not persuaded Advantage treated Mr S fairly when he reported the issue for the second time. I can understand why he was reluctant to return the car to the garage and, due to the nature of the impact, it should have recognised it was more likely than not that the issue was accident related. And I think it should have arranged an independent inspection of the car. Furthermore, I think it should have sourced a hire vehicle sooner. It seems to me that Mr S and Mrs S were without a vehicle between 31 May 2024 (when Mr S reported the issue) and 27 June 2024 (when Advantage arranged a hire vehicle). So I do think Advantage should compensate them for reasonable losses arising during this time.

However, I think Mr S and Mrs S have significantly inflated the compensation claim they're seeking. For example, I can see Mr S has claimed for costs he incurred before his car was first returned to him and also during a time when he'd hired a car himself – such as a £100 taxi fare. I also have concerns about the veracity of a hotel bill he's provided as it contains no dates, names or details and I see no valid reason why he would have needed to stay in the hotel due to not having access to a car, given his regular use of taxis at a significantly less cost.

I'm also concerned Mrs S has set out she's lost income, but Mrs S lives in England and the car is based in Scotland with Mr S. So I can't fairly see how both Mr S and Mrs S could use the car to get to and from work when they live such a significant distance away from each other.

It's a well-known equitable maxim that to use arbitration or Court, consumers should act in good faith. And I'm not persuaded Mr S has in this case. Advantage has agreed to pay £182.82 and the £69 repair bill and I think that's fair. I don't intend to require it to refund anything further.

Compensation for distress and inconvenience

As I said, Advantage has paid Mr S £350 in compensation. Mr S has said he's seeking a further £500 in compensation. He set out that the garage returned the car to him in a dangerous state which could have had catastrophic consequences. He said the legal advice he was given suggested he was entitled to damages in the range of £10,000-£20,000.

I first need to make clear that this Service is neither the industry regulator nor a court of law. We don't fine and punish businesses, nor do we award punitive damages. Our role is to assess whether a business has acted fairly and reasonably and, if not, whether it's taken fair steps to put things right.

Firstly, I'm not persuaded Mr S has shown the car was dangerous to drive. The garage has said the car passed the geometry tests when it left the garage and it only cost £69 to rectify it. So I think any damage, if any, was minimal. Given this, I'm not persuaded the car was unsafe or dangerous to drive.

I do think Advantage has caused some distress and inconvenience in the handling of this claim. But I think £350 is in line with the compensation I would have awarded. So I don't think Advantage needs to pay more than this.

Excess

Mr S has said he wants Advantage to refund the excess he paid as he maintains he wasn't at fault for the accident. But I haven't seen anything to show he'd complained about this to Advantage before he referred his complaint to this Service. Under our rules Advantage has to be given the opportunity to resolve the matter first before we can consider it. So he'll need to refer this to Advantage directly. If he remains unhappy after that, he can refer this issue back to this Service."

Mr S responded to my provisional decision and said he strongly disagreed with the outcome as he doesn't feel it represents the severity of the position he and his mother were put in or reflects the impact and stress it caused. However, he said there's no other information they can provide on the matter.

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 recognise Mr S and Mrs S don't agree with the outcome I've reached, but as they haven't provided me with anything new to think about, I see no reason to reach a different conclusion to the one I reached in my provisional decision. So I still think the compensation offer Advantage made is fair for the reasons I set out in my provisional decision. And I have no further comments to make.

My final decision

For the reasons I've set out above, it's my final decision that I think Advantage Insurance Company Limited's compensation offer as follows is fair:

1. Pay Mrs S and Mr S £350 in compensation;
2. Refund the £182.82 in expenses Mr S incurred; and
3. Refund the £69 repair cost.

I don't require Advantage Insurance Company Limited to pay anything more than this. It should pay this to Mrs S and Mr S directly if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 17 April 2025.

Guy Mitchell

Ombudsman