

## **The complaint**

Mr B complains about how Advantage Insurance Company Limited handled and settled a claim he made on his motor insurance policy.

Reference to Advantage includes its agents.

## **What happened**

Mr B holds a motor insurance policy with Advantage. When he was involved in an accident, he made a claim to Advantage for the damage caused to his car.

Advantage accepted the claim and deemed Mr B's car a total loss. It initially offered to settle his claim by paying him what it thought was the market value of his car (£6,034) less his policy excess.

Mr B didn't think this was enough and disputed Advantage's valuation of his vehicle. As a result, Advantage increased its valuation to £6,300.

While Mr B's car was being assessed he was provided a hire car. But Mr B complains that this was taken away by the hire car provider before the settlement of his claim had been agreed.

Mr B complained about a number of things to Advantage: The settlement amount; the hire car being taken away before his claim was paid; and the communication throughout the claim. This included that he was told he'd have the use of a hire car at least up to the point his claim was paid, and in all likelihood a little longer than that.

Ultimately, Advantage increased Mr B's car's valuation by £60. It also agreed that communication throughout the claim wasn't the level Mr B could have reasonably expected. It offered Mr B £100 compensation.

Mr B didn't think this was fair and brought his complaint to us.

Our Investigator recommended it be upheld. They thought the final valuation Advantage came to was fair. And they thought it was acting in line with the policy when taking the hire car back. But they thought the level of communication warranted more compensation based on the impact it had caused. They recommended Advantage pay £200 compensation in total.

Advantage didn't respond to that assessment. Mr B didn't agree with it and asked for an Ombudsman's decision. He thinks more should be done around the hire car and is adamant he was told he'd have use of it for longer than was the case.

I issued a provisional decision explaining I was thinking of upholding it. It said:

### **Settlement value**

*Mr B's policy says the most Advantage will pay on any claim is the market value of his*

vehicle. It defines that as “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...”

Valuing a vehicle isn't an exact science, but in order to determine whether or not an insurer has come to a fair valuation, our Service has a set approach. This is to consult the available valuation guides and assess where the insurer's valuation sits within those guides. If the insurer's valuation sits in line with the highest of those guides, depending on whether any other evidence has been provided, we're likely to say that valuation is fair. If however an insurer's valuation sits below the highest of those guides, we require the insurer to provide supporting evidence to show that's fair.

Here, the valuation guides returned values of £5,960, £6,034, £6,152 and £6,832. Advantage's ultimate settlement amount was £6,300. While this is higher than three of the four guides, it's still some distance from the highest. However, Advantage has provided a number of adverts, of cars similar enough to Mr B's for sale around the time of loss for at, or below its valuation.

Therefore I'm satisfied it's final valuation is a reasonable one, and in line with our approach.

Advantage did deduct £60 for pre-existing damage, but it's agreed to not do that now. I think that's reasonable – because it's not been able to evidence the damage it's referring to devaluing Mr B's car by the amount it deducted.

That said, Advantage's first valuation of £6,034 was unfair. Mr B should have been given a fair valuation from the start. I can see Advantage made an interim payment while the valuation was being disputed, which is what we'd expect to see. But still, getting less than a fair amount is clearly distressing and inconvenient. Plus Mr B was without the difference (between the initial valuation and the final one) for a period of time. So Advantage should pay him interest on that amount.

#### Hire car

Mr B is unhappy the hire car was removed at the point Advantage processed the interim payment. He's said this was before he received a fair offer, and before any money entered his bank account. He's said this isn't what he was told would happen.

Our Investigator didn't think Mr B was told he could keep the hire car for longer. They said it wasn't actually Advantage's decision to remove the hire car, it was the hire car providers.

I've listened to the call where Mr B reports the accident. It's clear in this call that Mr B is told that he'll have use of the car until at least the point his claim is settled.

In this call, the adviser also says that the hire car is not part of his policy, and will be arranged by the hire car company.

Ultimately what's happened here is Mr B has been provided a hire car by the hire car company outside of his policy held with Advantage on a credit hire basis. That means the hire car company will claim the cost of the hire back from the third party insurer (the insurer of the other vehicle involved) because based on Mr B's description of the accident, they, not he, would be at fault for it.

What this means is that the provision of the hire car isn't something Advantage actually carried out, and therefore anything relating to it – i.e. how long it was provided for and when that benefit was removed – isn't something Advantage is responsible for. That decision was taken by the hire car company, and that activity – credit hire – isn't a regulated activity and

*so it's not something this service can consider. That doesn't mean however that Mr B can't complaint directly to that company, just that we couldn't consider that complaint if he were unhappy with the outcome of it.*

*Advantage is responsible for the referral to the hire company though. And while it's clear Advantage say it's not part of his policy, and that the hire car company will claim back from the third-party insurer, Advantage also say we can arrange a hire car. So it's not clear in my eyes that this hire car will form a separate agreement. Not are the pros and cons of that arrangement given to Mr B to allow him to make an informed choice.*

*That said, were that referral as clear as it should have been, I'm not persuaded Mr B would have taken any different course of action. That is I don't think he'd have chosen not to use the service. And I don't think at the point he was referred, any party would have expected there to be an issue with that hire.*

*However, I think Advantage has caused a loss of expectation by giving details of when Mr B would be able to keep the hire car until. In this case, Advantage was wrong about that. I'm not persuaded it should have given these timescales when ultimately it wasn't a service it was providing.*

#### Communication

*It's widely accepted the communication on this claim and the progress of it hasn't been of the standard Mr B could reasonably expect to receive. There was a delay in assessing the vehicle initially, as well as a delay in raising the dispute about the valuation. Mr B had to do more chasing that he should have had to. All of this would have caused distress and inconvenience to Mr B.*

In relation to putting things right I said:

*The raised expectations around the hire car, delays and poor communication will all have caused distress and inconvenience to Mr B. That's in addition to initially receiving a valuation for his vehicle that was unfair.*

*I think compensation of £300 is a fairer award to recognise the distress and inconvenience caused and explained above.*

Therefore I recommended Advantage:

- *Pay Mr B the additional £60 in relation to the value of his vehicle if it's not already done so. 8% simple interest per annum should be added to this payment. Interest should be calculated from the date the interim payment was made, to the date it makes this payment to Mr B.*
- *Pay Mr B 8% simple interest per annum on the difference between its interim payment and the payment it made to top that up to its final valuation. Interest should be calculated between the dates of those two payments.*
- *Pay Mr B a total of £300 compensation for the distress and inconvenience caused.*

Advantage didn't respond to that decision. Mr B did. He said he wasn't initially offered £6,064 to settle his claim, he was offered £5,300. He also said Advantage initially only offered £50 compensation before it later increased it.

He's pointed out further the impact of having the hire car taken away and reiterated that he

was told he'd have the hire car for longer.

### **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.

Having done so, while I understand what Mr B has said, it doesn't change my outcome or reasoning.

It's not acceptable that he was offered an even lower amount to settle his claim initially. But he was in a hire car until the interim payment was offered – meaning he was mobile. The distress and inconvenience of the lower offer I believe to be covered by the overall compensation I've recommended Advantage pay.

Much of Mr B's response relates to the impact of not having the hire car and reiterating he was told he'd have it for longer. In my provisional decision I addressed this. He was clearly told he'd have it longer, and he clearly shouldn't have been told that. But the decision to remove the hire car wasn't Advantage's, so it's not something I hold it responsible for.

I do hold it responsible for the advice he was given as explained in my provisional decision. And I've taken that into consideration when looking at the overall compensation Advantage needs to pay.

The communication throughout the claim I've agreed is poor, again this is considered in the overall compensation recommended.

Therefore, while I understand Mr B's unhappiness, my provisional decisions findings and reasoning now become my final decision.

### **My final decision**

For the reasons set out above, I uphold this complaint. To put things right Advantage Insurance Company Limited should:

- *Pay Mr B the additional £60 in relation to the value of his vehicle if it's not already done so. 8% simple interest per annum should be added to this payment. Interest should be calculated from the date the interim payment was made, to the date it makes this payment to Mr B.*
- *Pay Mr B 8% simple interest per annum on the difference between its interim payment and the payment it made to top that up to its final valuation. Interest should be calculated between the dates of those two payments.*
- *Pay Mr B a total of £300 compensation for the distress and inconvenience caused.*

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 April 2025.

Joe Thornley  
**Ombudsman**