

## **The complaint**

Mr R complains about how Advantage Insurance Company Limited ('Advantage') handled a claim made on his car insurance policy, including the total loss settlement it paid after writing his car off.

## **What happened**

Mr R's car was damaged after he was involved in an accident with another vehicle. So, he contacted Advantage to make a claim on his car insurance policy.

After obtaining a repair estimate in October 2024, Advantage decided to settle the claim by paying a total loss settlement because it considered the car to be uneconomic to repair. It obtained valuations from several motor valuation guides and paid a settlement of £8,333 based on the highest valuation of £8,458 it had obtained from the guides with a deduction of £125 for some pre-accident damage it found on the car.

Mr R complained to Advantage about its decision to write the car off instead of repairing it, the total loss valuation it reached, Advantage paying the total loss settlement without his approval, a lack of contact during the claim, the distance he had to travel to collect a personal effect from the car and it not providing him a copy of the repair estimate.

Advantage provided a final response to the complaint on 18 November 2024. It upheld the complaint in part and in summary it said:

- It hadn't unfairly decided the car was a total loss because the estimate to repair it was £11,032.92 which was more than the car's market value of £8,458. So, it wasn't economic to repair the car.
- Although it had looked at several adverts Mr R provided of similar cars to his for sale, it didn't think these were comparable as they weren't the same specification. So, it was satisfied it had fairly valued his vehicle as it had used the highest valuation it obtained from the motor valuation guides.
- It acknowledged it had sent the total loss payment to Mr R without his approval, but didn't think it had acted unfairly by doing so as by making an interim payment it was trying to help Mr R get back on the road as soon as possible and mitigate costs on the claim.
- Although Mr R hadn't received much direct communication from it, it had instructed a third party to manage the repair aspect of the claim on its behalf.
- It acknowledged Mr R had to travel over an hour to collect a bike rack from his car after it had been taken to a garage and it said he should have been given a reasonable amount of time to remove this before the car was collected. So, it agreed to compensate Mr R £50 for the inconvenience this caused.

- It didn't think it had acted unfairly by not providing Mr R a copy of its repair estimate because this contained commercially sensitive information by including rates from its supplier.

Dissatisfied with this response, Mr R brought his complaint to us.

Our investigator thought that further compensation was warranted. He said he'd listened to the recording of the conversation Mr R had with Advantage on 23 October 2024 and that Advantage told Mr R during this call it wouldn't pay the total loss settlement to him without first discussing the valuation further with him. However, it didn't do this and just paid the total loss settlement to Mr R after he gave his bank details. He also noted that Mr R was promised a call back to discuss the option of retaining his car, but a call to discuss this wasn't made before the total loss payment was sent.

The investigator also acknowledged Mr R was caused inconvenience by having to travel to the garage to collect his bike rack.

In recognition of these points, the investigator thought Advantage should pay further compensation to Mr R to bring the total to £300. On the remaining aspects of the complaint, including Advantage's decision to write the car off, and the total loss valuation itself, the investigator didn't think Advantage had acted unfairly.

Advantage accepted the investigator's opinion. But Mr R did not. So, the complaint was referred 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.

Having done so, I've decided to uphold this complaint in part. I'll explain why.

I've began by looking at Mr R's policy terms. These say that if the car is damaged in an accident Advantage will either pay for the repairs, replace the car, repair the damage, or pay the market value of the car. The terms define the market value as the cost to replace the car at the time of the loss with one of the same make, model, age and condition.

This isn't unusual as car insurance policies are typically written in such a way that the insurer has discretion to decide which method it will use to settle a claim. Although Advantage had this discretion under the policy terms, I've considered if it exercised it fairly.

Advantage decided to write the car off because it was uneconomic to repair. That means that the car technically was repairable but repairing it wouldn't be the most cost-effective way to settle the claim. Bearing in mind the money that can be recovered from a vehicle's salvage, insurers often consider writing a car off when the cost of repairing the car reaches around 60% to 70% of its market value.

Advantage obtained an estimate that the car would cost £11,032.92 to repair, but the highest valuation it found of the car's market value was £8,458.

I see no reason to doubt Advantage's repair estimate of £11,032.92 as I haven't been provided with persuasive evidence the car would cost less than this to repair. So, I've considered if Advantage's valuation was fair.

I should say here that it isn't the role of this service to work out exactly what the value of an individual vehicle is. We instead look at whether the insurer has applied the terms of a policy correctly and valued the vehicle fairly.

Advantage valued the car using motor valuation guides. This is standard industry practice and isn't unreasonable given the valuations from these guides are generally based on the prices of similar vehicles for sale. Advantage obtained the following valuations from four different guides: £8,270, £8,124, £7,029 and £8,458.

Advantage based its total loss settlement on the highest valuation of £8,458. I find this to be in line with good industry practice because to avoid the risk of detriment to a consumer of not receiving a fair market value, insurers should use the highest valuation the guides produce unless they can show it would be unfair to do so.

Advantage then deducted £125 from the £8,458 valuation to arrive at a total loss settlement of £8,333. It made this deduction due to pre-existing damage in the form of scratches to the car. Advantage has provided photos showing this damage and confirmed that the deduction was less than what it would have cost to repair the damage. So, I think this was a reasonable deduction as it likely would have impacted the value of the car, but not necessarily to the same value as it would have cost to repair the scratches.

I've looked at the adverts which Mr R provided to Advantage. Advantage said it didn't think these supported a higher valuation due to them not being the same specification as Mr R's car.

Overall, I'm not persuaded the adverts show Mr R couldn't obtain a similar replacement vehicle for the £8,458 valuation. Except for one of the guides – which provided a valuation around £1,000 less than the other three – the remaining guides produced valuations which were quite similar. Some of the adverts Mr R provided do appear to be for a different variant of the car model and I don't think the remaining evidence is enough to show Mr R likely couldn't have replaced his car with one similar for the valuation Advantage based its settlement on given the guides were broadly aligned on the value.

So, I don't find that Advantage unfairly valued the car and given I think the valuation wasn't unfair, I don't find it was unreasonable for Advantage to deal with the claim as a total loss since the evidence shows the cost of repairing the car exceeded the market value of the car. Under the circumstances, I think any other insurer likely would have decided to write the car off rather than repair it.

I acknowledge Mr R says the third party's insurer repaired their vehicle. I can appreciate why that might feel frustrating if the third party was at fault for the incident.

Ultimately though, I can only consider whether Advantage has treated Mr R fairly in how it dealt with his claim. I can't comment here on how another insurer has dealt with one of its own customers claims. And I think the evidence here shows that Advantage were entitled under the policy terms to decide whether to repair the car or pay a total loss, that it didn't unfairly exercise its discretion to settle this claim by paying a total loss, and that it didn't unfairly value the car.

Advantage didn't dispute Mr R should have been given a reasonable amount of time to remove his bike rack from his car before it was collected and that he was caused inconvenience by having to travel to the garage to collect this. So, other than to say I agree this was unreasonable, and that I've thought about the impact of this when considering the redress, I don't need to comment further on this point.

I've listened to the call recording of 23 October 2024. The call handler told Mr R that he would need to provide his bank details before he could share the total loss valuation with him, but that he wouldn't raise the payment. Mr R reluctantly provided his bank details, but the total loss settlement payment was sent to him without the value being discussed with him.

For the same reasons Advantage has set out in its final response to the complaint, I don't think it was unfair for Advantage to send the interim payment to Mr R. Ultimately, Mr R was making a claim on his policy and unless he had told Advantage he wished to withdraw the claim, Advantage were obligated to deal with the claim, including settling it.

But I think Advantage should have told Mr R what the valuation it had placed on his car was, that it would be making an interim payment and why it would be doing this, and what Mr R could do to dispute the valuation if he didn't think it was a fair valuation. By not doing this, and instead just making the interim payment despite telling Mr R it wouldn't be doing so, I think Advantage caused him some unnecessary distress and inconvenience. Similarly, I think it was unfair for Mr R not to receive a call back as promised to discuss the option of retaining the car's salvage.

Lastly, I've considered if it was unfair for Advantage not to provide Mr R with a copy of the repair estimate. Advantage explained it couldn't share this because the full estimate contained commercially sensitive information relating to the repair rates agreed with its supplier. I don't find that to be an unreasonable explanation, and I don't find it to be an unfair reason for Advantage to not share this information. However, I note that it provided Mr R with the total repair estimate figure.

The investigator said that Advantage should pay Mr R a further £250 compensation to bring the total to £300 for this complaint. I've considered if this is reasonable for the parts of the complaint where I find Advantage acted unfairly.

Having done so, and having read Mr R's response to the investigator, while I understand the amount may be less than Mr R was hoping for, I find a total of £300 compensation to be fair, reasonable and in line with our award levels for the distress and inconvenience caused to him by Advantage on the aspects of this claim which it handled unfairly.

### **Putting things right**

If it hasn't done so already, I require Advantage to pay Mr R the £50 compensation it agreed to pay in its final response to the complaint. In addition to this, I require Advantage to pay Mr R a further £250 compensation to bring the total paid for this complaint to £300.

### **My final decision**

My final decision is that I uphold this complaint in part, and I require Advantage Insurance Company Limited to carry out what I've set out in the 'Putting things right' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 21 July 2025.

Daniel Tinkler  
**Ombudsman**