

The complaint

Miss S complains that Advantage Insurance Company Limited mishandled a claim on her motor insurance policy.

What happened

The subject matter of the insurance, the claim and the complaint is a small car, first registered in 2014.

On 27 March 2024, Miss S was 17 years old. She went online and gave certain information to a comparison website. Miss S said that she'd passed her driving test on 27 March 2024. Unfortunately, she mis-typed her date of birth, showing that she was exactly three years older than she was.

Miss S got a comprehensive policy for the car. The policy was in the name of an insurance intermediary. The policy was to cover Miss S as the policyholder and her mother as a named driver. Miss S (or someone on her behalf) paid about £2,500.00.

Advantage was the insurance company named in the policy. Much of the complaint is about acts or omissions of the intermediary as claims handler on behalf of Advantage. Insofar as I hold it responsible for them, I may refer to them as about acts or omissions of Advantage.

In early May 2024, Miss S was driving the car when it and a third party's vehicle were involved in an accident. That was near a pub (operated by a large brewery) with CCTV outside.

Miss S made a claim to Advantage for the pre-accident value of her car. Miss S and the third party held each other responsible for the accident.

By about 22 May 2024, Advantage said it wouldn't have offered Miss S insurance if it had known her correct date of birth. It treated the policy as void from the start.

Miss S complained to Advantage about that ("the first complaint"). By a final response dated 7 June 2024, Advantage turned down that complaint. Miss S brought the first complaint to us at that time.

By mid-July 2024, Advantage had told Miss S that it had settled the third party's claim and would ask Miss S to reimburse its outlay.

By an email dated 16 September 2024, Miss S's mother complained to Advantage that it had held Miss S liable without obtaining CCTV footage ("the second complaint" or "this complaint").

On 25 October 2024, our first investigator didn't recommend that the first complaint should be upheld. He concluded as follows:

“...I’m unable to say Advantage have been unfair in voiding the policy. It looks like Advantage have now received an admission of liability so I’m happy to hear Miss [S] won’t need to cover claim costs. I do appreciate the voidance will have an impact going forward, but I can’t say Advantage have acted unfairly.”

I’ve added the underlining because those words were incorrect.

Our second investigator recommended on 21 February 2025 that the complaint should be upheld in part. He didn’t think that Advantage came to an incorrect or unfair decision regarding liability. However he thought that Advantage’s investigation and customer service should have been better.

The second investigator recommended that Advantage should:

“pay Miss S £150 for her distress and inconvenience resulting from Advantage not properly considering all the evidence they should have and for their poor communication around this.”

Advantage accepted the second investigator’s opinion.

Miss S disagreed with the second investigator’s opinion. She asked for an ombudsman to review the complaint. Her mother says, in summary, that:

- She and Miss S did not accept the first investigator’s opinion.
- Miss S did not cut across a dual carriageway - she entered into a keep clear section to turn right into a pub car park when the traffic lights behind her were on red and thus in accordance with the Highway Code.
- The third party has come round the corner and not observed the keep clear despite the traffic lights being on red ahead of them (with cars stationary up to the traffic lights) and has entered the keep clear while Miss S was in it turning right and drove into the side of her car.
- The CCTV footage would have demonstrated this and thus evidenced that the accident was not her fault.
- Advantage admitted liability for an accident that wasn’t her fault.
- Her car was a write- off and with the insurance policy being cancelled, she was unable to receive the market value of nearly £5,000.00.
- In addition, she will now have to pay out just short of £10,000.00 when she is still in full time education.

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.

Miss S didn’t say she accepted the first investigator’s opinion. However, I haven’t seen enough evidence that she asked for an ombudsman to review it. So my review has been

limited to the second investigator's opinion. And I won't comment further on her claim for her damaged car.

The policy terms included the following:

" When defending or settling a claim, your insurer is entitled to instruct the solicitors of their choice to act for you in any proceedings. If they feel it's appropriate, your insurer will be entitled to admit liability, for the costs covered under this policy on behalf of you or any person claiming indemnity under the policy."

I consider that the effect of that term was that, on a question of how best to deal with a claim involving a third party, Advantage's view would prevail over its policyholder's view. Such a term is not an unusual term in a motor insurance policy.

Even after it treated the policy as void, Advantage had an obligation to the third party to deal with their claim. If it had to make a payment to settle the third party's claim, then Advantage would be making a payment that it had a right to recover from Miss S.

I will consider whether Advantage dealt with the claim fairly. Unlike a court, we don't hear from each driver and decide the extent to which either of them is liable for causing injury or damage.

Miss S's mother visited the pub and told Advantage that it would have to contact the brewery to ask for CCTV. She gave Advantage a telephone number for the head office of the brewery. Advantage recorded that number with one of its digits incorrect. Advantage called that number, but a lady answered that it wasn't the brewery. The correct number is readily available online.

Notwithstanding what Miss S's mother had said, Advantage wrote to the pub – rather than the brewery - on 8, 9 and 21 May 2024 asking for CCTV.

Despite saying that it would continue to chase CCTV, Advantage didn't chase again before deciding, on about 5 June 2024, to accept liability and pay a settlement of the third-party's claim.

I'm satisfied that Advantage considered images of the scene of the accident. Advantage also took into account the nature and location of the damage to each vehicle. Advantage concluded that Miss S had turned across the third party's lane.

I've thought about Miss S's mother's description of the accident. Considering the red light, queuing traffic and road markings, I can see why Miss S might've felt it safe to turn right.

However, as she was turning right, I don't consider that it would've been unreasonable for Advantage to have decided she was at fault, even if the CCTV had shown what her mother described.

All things considered, I don't consider that it was unfair or unreasonable for Advantage to decide to settle the third party's claim, rather than to incur the cost and risk of court proceedings.

I consider that Advantage should've done more to try to get CCTV images. Also it should've contacted Miss S to tell her of its decision before about 11 July 2024. I've thought about those shortcomings and their impact on Miss S.

Putting things right

I don't accept that the impact was that Advantage settled the third party's claim when it shouldn't have. Nevertheless, I consider that the impact included that Miss S felt that way when she found out. So I agree with the second investigator that it's fair and reasonable to direct Advantage to pay Miss S £150.00 for distress and inconvenience.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Advantage Insurance Company Limited to pay Miss S (insofar as it hasn't already paid her) £150.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 7 May 2025.

Christopher Gilbert

Ombudsman