

## **The complaint**

Mr R complained that Advantage Insurance Company Limited (“Advantage”) handled his claim poorly following an accident, under his motor insurance policy.

## **What happened**

Mr R was involved in a car accident in August 2024 after which Advantage deemed his car was a total loss. He said he wasn’t solely responsible for the collision. When speaking to Advantage’s agents Mr R said it told him he could pay the cost of recovery and storage. If he did this his no-claims discount (NCD) would not be affected. He said this was confirmed to him several times.

Mr R paid Advantage £276.49 for the recovery and storage costs. But his NCD was still impacted. He said he paid over £2,000 more to insure his new car because of this. As a result, he’d like Advantage to contribute to this extra cost.

Mr R explained that he experienced poor service when calling Advantage. This involved long calls and being passed to numerous departments. Advantage also collected monthly premium instalments after the accident. Mr R said this was unfair. He explained that this claim was a long-drawn-out process that has negatively impacted on his mental health.

Advantage provided two responses to Mr R’s complaint. It agreed that it provided a poor standard of service, and that its agents gave inaccurate information about Mr R’s NCD. It said that as the third-party (TP) was claiming against his policy, and liability had yet to be decided, this meant Mr R’s NCD was impacted.

Advantage offered to refund the £276.49 Mr R had paid. Alternatively, it said he could pay an additional amount for the repairs to the TP’s vehicle. It could then look to close the claim as notification only. Advantage offered Mr R £75 compensation for its poor service and agreed to refund £71.07, which was the final premium instalment he’d paid.

Mr R didn’t think Advantage had treated him fairly and referred the matter to our service. Advantage subsequently amended its offer. It said it would increase its compensation to £300 (in total) on top of refunding the premium for £71.07. In addition, it said Mr R could still make a claim for the total loss of his vehicle should he wish to do so. But added it would need to deduct what he received from its salvage agent from selling the salvage of his car.

Our investigator thought Advantage’s offer was fair and put this to Mr R. But he didn’t accept. As an agreement wasn’t reached the complaint has been 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.

Having done so I think what Advantage has offered to resolve Mr R’s complaint is fair. So, I won’t be adding to this. But as Advantage’s offer was made after Mr R’s referral to our

service, I will be upholding his complaint.

We expect Advantage to handle claims effectively. It must provide its customers with clear information and at the right time. This is so they can make informed decisions. I've focused on whether Advantage did this in Mr R's case.

Advantage acknowledged that its agents gave incorrect information to Mr R. More specifically he was told by paying the storage and recovery costs for his car, the claim would be treated as notification only. This meant his NCD would not be impacted. However, a liability outcome hadn't been finalised at this stage. The TP had made a claim against Mr R's policy for the accident damage. This meant the claim was still open. So, unless, and until it's settled as non-fault, this claim will have an impact on Mr R's NCD. He wasn't able to avoid this by paying for the storage and recovery fees.

It might be helpful to explain that most insurers, including Advantage, use the Claims and Underwriting Exchange (CUE) database to record how a claim has been dealt with. On CUE claims are referred to as bonus-disallowed and bonus-allowed. Not fault and non-fault. When an insurer can't recover its outlay the NCD, or bonus is affected by either a reduction in the number of years or a lost life for a protected no-claims bonus.

I can understand why Mr R was confused and disappointed. He replaced his car and ended up paying far more for his new insurance - despite paying the claim costs for storage and recovery. This is because his NCD was reduced to zero. That said Advantage hadn't treated Mr R unfairly when it reduced the number of years he'd accrued. A claim was made against his policy and liability for this had yet to be decided. So, it was correct that this reduced his NCD. Because of this I don't agree with Mr R that the business should contribute towards the cost of his new (higher) insurance premium. However, Advantage is responsible for the incorrect information it gave, which caused confusion.

Mr R told Advantage he didn't want to claim for his car. By not doing so and paying back the storage and recovery costs, he understood his NCD would not be impacted. This was important to Mr R because of the impact losing his NCD would have on the cost of his insurance. But to do this Mr R would need to pay the total cost of the claim, which could include the TP's repairs as well. This wasn't made clear to him.

Advantage has since confirmed that Mr R can make a claim for the total loss of his car. I think this is fair given he wasn't in an informed position when he decided not to claim initially. I think it's also fair that it allows him the opportunity to pay the cost of the claim, if this is what he wants to do, so that it's recorded as notification only. If not, it's fair that Advantage refunds the £276.49 that Mr R paid for the storage and recovery costs.

I've thought about Mr R's concerns regarding liability for the accident. I've read his testimony that the TP braked suddenly causing the collision. I don't doubt what he says. But liability hasn't yet been decided. Advantage confirmed that it is in contact with the TP regarding the liability outcome. Based on what I've read Advantage has processed this claim as it's expected to do. If Mr R is dissatisfied with how liability is eventually settled he can complain again. But as this outcome isn't yet known I can't reasonably say that Advantage treated Mr R unfairly.

I note Mr R said his policy should have been cancelled in September 2024 on his request. I can't see this specifically recorded in the claim notes. However, Advantage acknowledged it should have advised Mr R that he needed to change the car on his cover or to cancel his policy. This is from when he called on 17 September.

I've checked Mr R's policy terms. It's confirmed that the full premium is payable where a

claim has been made. So, Mr R was required to pay the full annual premium. I agree with Advantage that it should have explained this to him when he called. He could then have considered adding a replacement car to his existing policy. As it is, he wasn't aware of this possibility. Although Mr R is liable for the full annual premium, I think it's fair in these circumstances that Advantage offered to refund the final month's instalment.

I've thought about the standard of service Advantage provided to Mr R. The records show some difficulties with calls not connecting and calls where Mr R couldn't be heard. But aside from this the business acknowledges that it gave inaccurate information and failed to explain the situation clearly to Mr R. This is despite numerous contacts and opportunities for it to do so.

Advantage has highlighted a particularly poorly handled call, in early October 2024. During this call Mr R was asked to explain his situation numerous times as he was transferred to several different agents. He was also repeatedly asked to respond to security questions. The business acknowledged this could have been avoided had calls not been "*blind transferred*".

I've considered the impact all this had on Mr R. This includes consideration of what he says about his mental health due to the stress and anxiety caused by Advantage's mistake. Its agents gave misleading information about how the claim would be recorded. Poor call handling and a lack of clear and timely information about the claim's process has added to the distress and frustration Mr R experienced. To put this right it's fair that it pays him compensation. I don't think the offer of £75 Advantage initially offered was reflective of the impact on Mr R. But I think its most recent offer to pay him a total of £300 is fair. This aligns with our services approach to compensation awards. So, I won't ask it to pay more.

In summary I don't think that Advantage treated Mr R fairly because of the inaccurate information he was given and the poor service he received. To put this right it should give Mr R the option of paying the full cost of the claim once this is known. Alternatively, he can request a refund of the £276.49 he paid for the recovery and storage of his car. If Mr R doesn't want to pay the claim costs he can claim for the loss of his car. Advantage should also pay Mr R £300 compensation in total and refund £71.07 to him.

### **My final decision**

My final decision is that I uphold this complaint. Advantage Insurance Company Limited should:

- allow Mr R the option of paying the full cost of the claim should he wish to;
- refund £276.49 to Mr R for the cost he paid for the recovery and storage of his car on his request;
- allow Mr R to claim for the loss of his car under his policy;
- pay Mr R a total of £300 compensation for the distress and frustration he experienced; and
- refund Mr R's final premium payment for £71.07.

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

Mike Waldron  
**Ombudsman**