

The complaint

Miss S complains about Advantage Insurance Company Limited's handling of a claim under her car insurance policy.

Advantage has been represented by its agents during the claim. All references to Advantage include its agents.

What happened

Miss S had a car insurance policy with Advantage. In January 2024, she was involved in an accident with a third-party and she made a claim.

Advantage inspected Miss S's car and declared it a total loss. Miss S asked Advantage about retaining the car so she could repair it herself. Advantage initially told her this was possible, but then told her the car was categorised as a category B total loss. It told Miss S she couldn't retain the car and it would be destroyed. Miss S complained.

Advantage issued a complaint response in January 2024. It paid her £50 compensation for the inconsistent advice, but it maintained there was a category B classification and Miss S couldn't retain the car.

Advantage then issued a total loss settlement in February 2024, based on a pre-accident value (PAV) of £1,110. In March 2024, because Miss S had been unable to replace her car, her insurance was cancelled and Advantage asked Miss S to repay the outstanding car insurance premium.

In around July 2024, Miss S found out her car was back on the road and hadn't been destroyed. She complained to Advantage.

Advantage issued a further complaint response in July 2024. It accepted it was wrong to advise Miss S she couldn't retain the vehicle when she potentially could have. It paid her £75 compensation. This took the total it paid her to £125.

Miss S referred her complaint to the Financial Ombudsman Service. She said she was prevented from retaining and repairing the car and was unhappy with Advantage's handling of the claim. She said its actions left her without a car and ultimately impacted on her being able to work. She said the amount Advantage paid her was not a high amount and she couldn't purchase a replacement, so her policy was cancelled, and she still had to pay her premium. She said with the help of family, she later bought a replacement for around £2,000.

In December 2024, Advantage offered to pay Miss S a further £175 compensation to recognise the impact of Miss S being unfairly prevented from retaining her car.

The Investigator upheld the complaint. They said Advantage's PAV and settlement of £1,110 wasn't fair in the circumstances. They said it should pay Miss S a settlement based on the highest market valuation guide figure of £2,103, with interest on the difference. They also said Advantage should pay Miss S a further £500 compensation on top of what it had paid

and offered already.

Advantage didn't agree. It provided examples of cars it said were similar to Miss S's that sold for amounts closer to its PAV of £1,110. So it didn't agree with the Investigator's recommendation for settlement or compensation.

Because the complaint couldn't be resolved, it's 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.

Total loss settlement

My role is to look at what I consider Advantage should have looked at when dealing with Miss S's complaints. This means I'm expected to do more than just look at a complaint as it's written or explained to our service. I must think about what lies at the heart of a complaint and look at the whole picture. And this means I can look beyond what Advantage has.

Miss S has said Advantage's actions meant she was left without a car, and she was unable to purchase a replacement car with the settlement she was given, in time to prevent her policy being cancelled. As a result of what Miss S said, this service used its inquisitorial remit to explore if Advantage had paid her a fair settlement under the claim, as well as the impact of this, and its failure to allow her to retain her car. I've also considered these matters under this decision for the same reasons. I note also that Advantage acknowledged Miss S's dissatisfaction with its PAV, when it emailed her in January 2024, to explain how it calculated its PAV and requested further evidence, if Miss S still wished to decline its valuation.

Miss S's policy says the most Advantage will pay is the market value of the car. Market value is defined 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...Your insurer may use publications such as Glass's Guide to assess the market value and will make any necessary allowances for the mileage and condition of your car ...*"

I've reviewed the valuation guide information Advantage provided. Motor valuation guides are what we'd usually refer to when considering a complaint involving market valuation. The guides are based on extensive nationwide research of likely (but not actual) selling prices. They use advertised prices and auction prices to work out what likely selling prices would've been. We expect insurers to use motor valuation guides when valuing a car for claims purposes.

When Advantage valued Miss S's car, it looked at two motor valuation guides. These produced values of £1,110 and £2,103. Advantage settled based on the lowest PAV of £1,110.

But in order to minimise the risk of detriment to the policyholder, we think insurers should settle based on a value close to the highest trade guide valuation – unless there's persuasive evidence, for example adverts or independent reports, that a lower value is fair and reasonable.

I've carefully considered the sale examples Advantage provided. These are a mixture of cars with mileages between 68,291 and 122,700 and all sold privately. Advantage hasn't provided full adverts, so I've been unable to check the specification and condition of the examples. And I can't see that its engineer, in their report, explained why a PAV of £1,110, as opposed

to £2,103 was fair, despite the two valuations they found. So, I'm not persuaded by the evidence Advantage provided, that a PAV in line with the lowest valuation was fair in the circumstances.

All things considered, I think the fair and reasonable thing for Advantage to do in the circumstances, is to pay Miss S a settlement, based on a PAV in line with the highest valuation returned by the motor trade guides. This is £2,103, and represents a further £993 on top of what Advantage has already paid. And because Miss S was unfairly without this additional amount, I think Advantage should add interest to this.

Miss S said she was unable to find a replacement car using the settlement Advantage paid in February 2024, and she had to get help from family and purchase a replacement in around July 2024, for around £2,000. For the reasons outlined above, I think Advantage's actions prevented Miss S from purchasing a replacement car promptly following the settlement it paid.

Other actions and poor service

Advantage accepts it initially gave Miss S inconsistent advice on the categorisation of the car and her ability to retain it. And it accepts ultimately it was wrong to tell Miss S she couldn't retain and repair her car. This is because the total loss decision wasn't based on the car being subject to structural damage (and therefore a category B total loss), but rather, based on the costs of repair, despite the car being safe to drive (and safe for Miss S to retain and repair). Having reviewed the evidence, I'm satisfied Advantage's actions prevented Miss S from retaining and repairing her car, despite her making her intention to do this clear in January 2024 (before Advantage paid her the total loss settlement).

Although Advantage paid Miss S a total loss settlement, I've explained above why I don't think the settlement it paid was fair. And I think this, along with its failure to allow Miss S to retain and repair her car, meant she was without a car following Advantage's settlement, until around July 2024.

Miss S's policy allows her to replace her insured car within 30 days of her being paid a settlement, to prevent her policy being cancelled. But because Advantage didn't pay her a fair settlement, and because it deprived her of the ability to retain and repair her car, I think it ultimately prevented Miss S from being able to continue with her cover, with either the repaired car, or a replacement car. And I think its actions meant Miss S's policy was cancelled, with her still having to pay the outstanding premium.

For the reasons outlined above, I am persuaded that Miss S lost out on the opportunity to repair or replace her car within 30 days and continue to benefit from the insurance cover scheduled to run till July 2024. I consider because of Advantage's actions, her policy was instead cancelled in March 2024 – and that she was left without a car.

Miss S said Advantage's actions caused her significant stress and anxiety, and ultimately impacted on her being able to continue to work. Miss S's policy did include cover to allow her to travel to and from work, so I'm persuaded Advantage's actions did impact on Miss S's ability to work as she has said.

Overall, I'm satisfied that Advantage's actions caused Miss S substantial distress, upset and worry, causing serious disruption to her daily life over a sustained period, with the impact felt over many months. And in the circumstances, I agree with the Investigator that a further £500 compensation, on top of the £125 it has paid and the further £175 it has offered, is fair and reasonable in the circumstances. So, this is what I will direct Advantage to pay.

My final decision

My final decision is that I uphold this complaint.

Subject to my comments above, I require Advantage Insurance Company Limited to:

- Pay Miss S a further £993 to settle her claim.
- Pay interest on the above amount, from the date of its initial settlement to the date it completes payment. The rate of interest is 8% simple interest per year. *
- Pay Miss S a further £500 compensation on top of what it has paid and offered already.

* If Advantage considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss S how much it's taken off. It should also give Miss S a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 13 May 2025.

Monjur Alam
Ombudsman