DRN-5561631

The complaint

Mr S complains about Advantage Insurance Company Limited ('Advantage') and the amount they paid him following a claim under his motor insurance policy.

What happened

Mr S's vehicle was involved in a road traffic accident while parked and he contacted Advantage to make a claim. They reviewed the damage caused and said Mr S's car would be deemed a 'total loss'; they said it would cost more to repair the car than it was worth. Advantage said they valued Mr S's vehicle as being worth £5,345 but Mr S said he couldn't find anything on the market for this price to replace his vehicle on a like-for-like basis. Mr S provided evidence and examples in order to challenge the value Advantage had used.

Mr S says Advantage emailed him examples of advertisements as proof of their previously estimated market value of his vehicle which he responded to with additional evidence of his own. He says Advantage then contacted him again and maintained their stance. Mr S raised a complaint and said he would like them to increase the payment to £6,300. Advantage considered the complaint and said they'd used industry standard valuation guides like Glass's, CAPS and Parkers to assess the average market value of the vehicle.

And they maintained that advertised examples were not a reliable way to assess a vehicles value, because they reflect the seller's highest expectation and are usually open to negotiation. Mr S remained unhappy with Advantage's reply to his complaint – so, he brought it to this Service.

An Investigator looked at what had happened but didn't think the complaint should be upheld. He said while Advantage had used the average of the trade adverts, they had used additional evidence in the form of adverts and an engineer assessment to demonstrate that the amount they had valued Mr S's vehicle for was fair and would allow him to purchase a replacement vehicle.

Mr S didn't agree with the Investigator's recommendation. He said Advantage's policy terms said the vehicle's condition should be taken into account – but it hadn't been. And he said Advantage listed the pre accident condition of his vehicle as "good" - which was the best condition option available – but the vehicle assessor had listed it as "fair" which drove down the value. Mr S asked for an Ombudsman to consider the complaint – so, 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.

It isn't the role of this Service to come to an exact valuation of a consumer's car. But we do look to see if insurers have acted reasonably in looking to offer a fair value of the car in line with the policy's terms and conditions. In the event of Mr S's vehicle being declared a total loss, the policy requires Advantage to compensate him for the market value of his car. The policy defines ‘Market Value’ 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."*

It’s standard practice for a motor insurer to use valuation guides to work out the estimated value of a car, and it’s not unreasonable that they do so. The valuation the guides give are based on the advertised prices of similar cars with a similar age and mileage for sale at the time of loss. Advantage assessed the value of Mr S’s car by using a range of valuation guides which produced figures of £5,346, £5,430, £5,261, and £5,359, respectively. They said a fair value would have been the average of these guides – and so they put forward a valuation of £5,345.

It may be helpful for me to explain that this Service’s standard approach to valuing vehicles isn’t based on averaging the prices that the guides return. In situations where the guides vary, we’ll look at the insurers’ valuation to see if it’s supported by other evidence, such as adverts or an expert’s opinion. And if we think the valuation is unfair, we’ll tell the insurer to adjust the value to either the highest in the guides or to be in line with the valuation supported by the other evidence – whichever is the fairest in the circumstances. This is to ensure a customer receives a fair value, allowing them to replace their car with one of the same make, model and specification.

I’ve therefore looked at the additional valuation evidence provided by Mr S and Advantage – the adverts of similar vehicles available for sale around the time of the loss – as well as the engineer’s report following an inspection. I acknowledge Mr S has said Advantage originally classed his vehicle as being in “good” condition. But I should highlight that this was done prior to the vehicle being inspected. While I can sympathise that Mr S would be disappointed by this, I don’t think it would be fair for Advantage to discount the findings of an actual physical inspection of the vehicle.

Looking at the adverts both parties have provided, I can see Advantage five examples, three of which were available for less than the amount they valued his vehicle at. In response, Mr S provided examples which showed values of £6,000 and £6,695.

In respect of the adverts Mr S provided, I don’t find them to be persuasive or fair in comparison in the circumstances of this complaint. I say this because the advert for the vehicle priced at £6,695 outlines that the vehicle in question includes *“two years free MOT testing and two years’ servicing included”.* I do not think this is a fair comparison, as the additional extras appear to be a reason for the difference in price against the other adverts provided. Additionally, the other vehicle advertised at £6,000 is a newer plate number than Mr S’s own vehicle – which is consistent with the adverts Advantage provided which returned higher average values for those newer registered vehicles.

As such, the evidence I find to be relevant to this complaint are the industry guides and Advantage’s adverts. Because these pieces of evidence are broadly in line with each other, I find them to be persuasive of the vehicle’s fair market value. While Advantage have averaged the valuations, which I wouldn’t usually agree is a fair approach – they have provided additional evidence which I’m satisfied shows Mr S would be able to replace his car with one of a similar specification with the amount Advantage paid. I’m therefore not persuaded that the market value put forward by Advantage is unfair. As such, because Advantage has already paid this amount to Mr S, this means I don’t require them to pay any more than they have already.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr S to accept or reject my decision before 29 August 2025.
Stephen Howard
Ombudsman