DRN-5720864

The complaint

Mr T has complained about the market value settlement Advantage Insurance Company Limited paid when he made a claim under his car insurance policy.

All reference to the insurer Advantage in my decision includes its agents.

What happened

Mr T made a claim under his car insurance policy for damage to his car. Advantage said it wasn't economical for it to repair, so it settled Mr T's claim by paying him the market value of it.

After doing so, Mr T said he wanted to retain the car. So Advantage's salvage agent requested a retention fee to represent the salvage Mr T had kept. But Mr T didn't pay it. He wanted to pay the fee in instalments which Advantage's agent didn't agree to.

Mr T complained to Advantage about the market value settlement and the request for a salvage fee. But Advantage said it had reached a fair valuation in line with the policy – and its request for the retention fee was reasonable. In March 2025 Advantage gave Mr T the following options:

Option 1: Return the market value settlement of £1,060.15, withdraw from the claim, and have the claim closed as 'notification only'.

Option 2: Pay the full retention fee of £160.00 to retain the vehicle.

Option 3: If neither option is agreed upon, Advantage may report the vehicle as stolen.

One of our Investigators found Advantage has shown it had reached its valuation in a fair way and in line with our approach. He thought the options Advantage had given Mr T were reasonable. He considered advert examples Mr T provided – but said they were not comparable with Mr T's car. This was because the adverts were for cars with much lower mileage, newer, or with a higher specification than Mr T's.

Mr T didn't agree. In summary he believes his evidence hasn't been properly considered. So he wants an ombudsman 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.

We don't decide a valuation. But we look at whether an insurer reached its valuation reasonably and in line with the policy.

Advantage says the most it will pay in the event of a claim is the market value of a car. It defines the term in its policy 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. This may not necessarily be the value you declared when the insurance was taken out. 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 and the circumstances in which you bought it."*

We find the motor trade guides are a reliable way to provide a valuation for a car. We think an insurer should check all of the available motor trade guides as they use different methods to produce an average valuation. They can produce a valuation for a car of the same make, model, condition, age, and mileage as Mr T's based on research of likely selling prices for the month of loss.

Mr T provided a copy of the car's full service history to Advantage, which I've seen. He believes this hasn't been taken into account. However, the guides produce a valuation based on the 'retail transacted' value – meaning the amount a customer might expect to pay for a similar car from a retail garage. And this is on the basis of the car being in good condition. A car's service history can be attractive to a seller but is usually factored into the 'retail transacted' valuation.

Mr T's car was over 20 years old and the mileage was 196,000. Two of the main motor trade guides provided a valuation for Mr T's car. They came to £961 and £1,955. Photos provided of Mr T's car show evidence of dent damage and corrosion, which Advantage's engineer took into account. Given the wide range in the two available guides, as a starting point Advantage decided a valuation of £1,458.

Mr T's car was a previous 'write off' meaning it had been previously declared a total loss. While Advantage's engineer acknowledges in their valuation report that previous repairs had been done to a good standard, a car that has been categorised in this way will impact on its value compared to a car that hasn't. Advantage made a deduction from the settlement to reflect this. I find this deduction was reasonable, representing just under 25%.

This brought the valuation to £1,105.16.

Advantage's engineer provided an example of one advert but reported that it was difficult to find similar cars due to the difference in mileage. The example provided was for a car for sale for £999, with 70,000 less miles and three years younger than Mr T's car.

Mr T provided advert examples for cars for sale for more than the settlement he received from Advantage. Having carefully considered them, I don't find them to be persuasive as they are not comparable in mileage, age, or specification to Mr T's car.

So, taking everything into account, I think the market value settlement Advantage paid in this case was reached reasonably and in line with the policy.

As Advantage has paid Mr T a market value settlement for his car, the salvage of the car becomes the property of Advantage. If a customer wishes to retain their car, they cannot keep the car and keep the full market value it received as this amounts to betterment.

I understand that in March 2025 Mr T wanted to repay the retention fee in monthly instalments over a period of six months. But Advantage's agent did not agree to this.

I don't find that Advantage or its agents have acted unreasonably or outside of the terms of the policy. So if Mr T wishes to retain his car, Advantage is entitled to take the action it set out under the options it gave Mr T in March 2025.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 3 November 2025.

Geraldine Newbold
Ombudsman