DRN-5723257

The complaint

Mr F says Advantage Insurance Company Limited didn't pay him enough for his written-of car after he made a claim on his motor insurance policy.

What happened

Mr F's car was damaged in a non-fault accident. Advantage checked the valuations shown in three of the national trade guides. They varied significantly, with the highest at £7,619. It also considered adverts. It wasn't persuaded by the ones provided by Mr F, but it found two it thought were for cars similar to his (one with lower mileage) at £6,995 and £7,987. It offered him the average of those two prices, rounded up to £7,500. Advantage said the adverts showed that cars on sale for around £11,000 - the price Mr F thought was fair for his car – had much less mileage than his. Although Mr F considers his car to be a modern classic, Advantage said the policy only provides market value cover. It recognised that he'd spent a great deal of money maintaining the car to a very high standard, but it said consumers have to maintain their cars, or their value may be adversely affected.

One of our Investigators reviewed Mr F's complaint. He checked the valuations in the guides more recently and said Advantage should pay Mr F the highest sum (£7,894). He said it hadn't shown that he could replace his car for less than that. He noted that the price of one of the cars Advantage had relied on was £7,987, but as it had lower mileage than Mr F's car he thought £7,894 was a fair compromise. The Investigator thought the cars shown in Mr F's adverts weren't close enough to his car to be persuasive.

Advantage later offered to pay the highest valuation it had found in the guides initially, as it reflected the situation near to the date of loss (rather than the higher guide price found later by the Investigator). Mr F didn't accept the new offer. The Investigator remained of the view that £7,894 for the car was a fair price. Mr F said he couldn't find a suitable replacement car for under £10,000. He said cars like his at lower prices wouldn't have the extensive service record of his car. Nor would they have had parts replaced to avoid future potential problems.

As there was no agreement, the complaint was passed to me. I issued a provisional decision, upholding the complaint but changing the remedy, along the following lines:

- I said I could see how Advantage arrived at its final offer, based on the prices of the two cars it thought were most comparable to Mr F's car. And the sums shown for them were only *asking* prices, subject to downward negotiation. I said we think the top guide valuation should be offered, unless an insurer can show why not. I didn't think Advantage had done that, but it had since offered the top valuation it found.

- My review of all the adverts provided by the parties showed that only one car had higher mileage than Mr F's car. Those of the same year of manufacture as his (priced at around £11,000 and £12,000) had significantly lower mileage (from 20,000 to 50,000 less). But the car Advantage identified as the closest example to Mr F's car had just 6,000 miles less on the clock (plus a complete service history) at £7,987.

- I said I didn't think Mr F had shown he should be paid £11,000 for his car. He said the most important factors for cars like his are their service history and the maintenance invested in them. Mr F had maintained his car to the highest standard, but to achieve their full market value, all cars have to be well maintained. I said Mr F may have done more than was needed, but I didn't think he'd shown his investment led to a much higher price for the car than its age and high mileage would dictate.

- I said that had Advantage offered the top valuation it found in the guides initially, I would have said it was reasonable. The closest comparator was advertised at £368 higher (with lower mileage) and its asking price may not have been achieved. I noted that the highest guide valuation found by the Investigator more recently was £275 more than the initial top valuation, but we normally say the sums quoted by the guides nearest to the date of incident should be relied on, so I was minded to say it would be fair for Advantage to offer Mr F the difference between the sum it had paid him for the car and £7,619, plus interest. I didn't think a sum for distress and inconvenience was due, as Advantage dealt with the claim quickly and paid Mr F a sum just below the amount I was minded to say was fair and reasonable.

I asked the parties to comment on my provisional findings. Mr F didn't comment. Advantage accepted my provisional findings (although it didn't refer to the interest on the sum due).

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.

As there's no reason to depart from my provisional decision, I think Mr F's complaint should be upheld based on the reasoning and findings set out in that decision.

My final decision

My final decision is that I uphold this complaint. I require Advantage Insurance Company Limited to pay Mr F the difference between the sum already paid to him and £7,619.It should add interest to the new sum to be paid, at the simple yearly rate of 8%, from the date the original payment was made to the date of settlement. Should Advantage think that tax should be taken from the sum to be paid, it should tell Mr F how much has been deducted, so he may reclaim it from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 26 August 2025.
Susan Ewins
Ombudsman