

The complaint

Mr S complains about how Advantage Insurance Company Limited dealt with a claim against his motor insurance policy. Reference to Advantage includes its agents.

What happened

Mr S had a motor insurance policy underwritten by Advantage. Mr S' son, who was a named driver on the policy, was involved in an accident that wasn't his fault: he was stationary in traffic when another car struck the rear of Mr S' car. Mr S made a claim against his policy.

Advantage told Mr S his car was a total loss, that is, uneconomical to repair. It offered Mr S £15,135.75. Mr S didn't think the offer was fair and gave Advantage examples of adverts for the sale of cars. Advantage increased its offer to £15,553. Mr S remained of the view that wasn't sufficient and pursued his complaint. Advantage made an interim payment to Mr S' finance provider, which left a balance outstanding.

Mr S says Advantage's processes are unfair. He doesn't think it was necessary to write-off his car and he felt compelled to accept its decision. Mr S says Advantage writes-off cars without justification, is aggressive in its pursuit of early settlement and has questionable valuations and claims handling processes. He says Advantage gave him false and misleading information during the claims process, there was maladministration in its handling of his claim and it failed to respond to his reasonable questions in the complaints process. He asks why the claim was settled when there's an ongoing dispute and why it stopped providing a hire car.

Mr S wants Advantage to increase its settlement offer. He also wants it to acknowledge its processes and communications are flawed and to pay compensation in relation to the frustration, stress and anxiety this has caused. Mr S wants Advantage to answer the questions he asked.

One of our Investigators looked at what had happened. She said the policy terms say Advantage may decide how a claim should be settled, including deciding the car is a total loss. The Investigator said it wasn't unusual for insurers to decide a car is uneconomical to repair once repair costs are 60-70% of the car's pre-accident market value. She said she'd considered motor valuations in this case and Advantage had offered the highest valuation of £15,553, which she thought was fair. The Investigator wasn't persuaded by the adverts for sale Mr S had provided and didn't think it was fair and reasonable to ask Advantage to pay more than it had offered.

Mr S didn't agree with the Investigator. He responded at some length, which I won't set out here in full. He said, in summary, the Investigator hadn't dealt with his concerns about the claims and complaints processes. Mr S asked why Advantage didn't provide him with the engineer's report. He thinks the repair costs are inflated. Mr S says he can't see how it's uneconomical to repay a car if the repair costs are less than settling the outstanding finance.

The Investigator considered what Mr S said but didn't change her view. She said she'd reviewed the claim notes and correspondence and thought Advantage had done enough.

Mr S said months after Advantage had decided his car was a total loss, and due to a delay in updating DVLA's records, he received parking charge notices in relation to the car. Mr S says this shows the car was repairable and was subsequently sold and repaired. He says insurers accept inflated repair valuations so they can write-off and sell cars which are subsequently repaired and driven again. Mr S asked that an Ombudsman consider his complaint, so it was 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.

I've summarised this complaint and what's been said in far less detail than Mr S. It's clear Mr S has very strong feelings about this matter. He has provided detailed submissions to support his complaint, which I have read and considered. I don't respond to every single point made. No discourtesy is intended by that. Instead, I've focussed on what I think are the key issues here. The rules governing our service allow me to do this as we are an informal dispute resolution service. If there's something I've not mentioned it isn't because I've overlooked it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to fulfil my statutory remit.

Mr S has expressed concern about Advantage's processes. Our service isn't the regulator, so we can't direct Advantage generally about its processes. He's also complained about how Advantage handled his complaint. We can only consider complaints about financial services. So, I can't consider the points Mr S has raised about how Advantage handled his complaint, because it isn't a regulated activity. But I can consider Mr S' complaint about Advantage's handling of his claim.

I've taken into account the law, regulations and good practice. Above all, I've considered what's fair and reasonable. The relevant rules and industry guidance say Advantage has a responsibility to handle claims promptly and fairly and must act to deliver good outcomes for retail consumers. I don't uphold Mr S' complaint and I'll explain why.

Advantage's decision that Mr S' car was a total loss

The starting point is the terms and conditions of the policy. In the circumstances here, Advantage could choose to pay for any necessary repairs, replace Mr S' car, repair the damage or pay the market value of Mr S' car immediately before the loss. The choice is Advantage's alone and it isn't required to wait for Mr S to approve its decision.

In this case, Advantage decided Mr S' car was a total loss. The policy defines '**Total loss**' as:

*'If the **insurer** deems **your car** can't be repaired, or can't be repaired safely or the cost of repair is deemed to be uneconomical, **your car** will be declared a **total loss**. This is commonly called "**write-off**".*

Advantage asked an engineer to provide an estimate of the costs to repair Mr S' car. The engineer estimated repair costs of £10,681.43 and recommended the car is a total loss. Advantage subsequently came to its view on the market value of Mr S' car (which is referred to in more detail below) and decided repair wasn't economical. I don't think Advantage acted unfairly or unreasonably in relying on the engineer's analysis of the cost of repair and in coming to the view that repair wasn't economical.

It's not a requirement of the policy that the estimated cost of repair must be equal to or greater than the market value of the car at the time of the loss in order for an insurer to decide the car is a total loss. And Advantage doesn't have to have regard to the level of outstanding finance on the car before coming to its decision about whether a car is a total loss. As the Investigator explained, it's not unusual for insurers to decide a car is uneconomical to repair once the estimated repair costs reach around 60-70% of its pre accident value. The estimated costs of repair here are within that range. I don't think Advantage treated Mr S unfairly or unreasonably in deciding Mr S' car was a total loss.

Advantage's engineer said Mr S' car was a category S total loss. That means Advantage decided Mr S' car had structural damage which was repairable, but it decided not to repair it. Mr S has provided evidence the car has been repaired and is in use. That's not uncommon in circumstances like the one here.

The valuation of Mr S' car

The starting point is the terms and conditions of the policy. Advantage chose to settle Mr S' claim by paying the market value of his car immediately before the loss. The policy says Advantage won't pay more than the market value of the car at the time of the loss. '**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. This may not necessarily be the value you declared when the insurance was taken out. **Your insurer** may use publication such as Glass's Guide to assess the **market value** and will make any necessary allowances for mileage and condition of **your car** and the circumstances in which **you** bought it.'*

This service's role isn't to work out the exact value of Mr S' car. We look at whether Advantage has applied the terms of a policy correctly and valued the car fairly. Advantage has provided this service with four valuations from valuation guides: £14,810, £14,949, £15,231 and £15,553. It's standard practice for insurers to use valuation guides to work out the estimated market value of a car. I don't think it's unreasonable to do so. The guides use nationwide data and take into account all the factors Advantage set out in its definition of market value - make, model, age and condition - to estimate a value for a specific car.

Advantage also considered adverts for the sale of similar cars at £14,999, £15,247 and £15,785. I think advertised sale prices are less reliable than valuation guides as they show the price sellers hope to achieve, not necessarily sold prices. Having said that, I note Mr S' experience in trying to negotiate sale prices and accept it's not always the case sale prices can be negotiated.

Advantage's revised offer of £15,553 is in line with the highest of the valuations and greater than two of the three adverts it considered. Mr S has provided adverts for sale of cars at higher prices. I don't think those adverts are persuasive such that I'd direct Advantage to increase its valuation as they either omit mileage or relate to cars with extras which may well increase the price a seller may achieve. I think Advantage's valuation of £15,553 is a fair valuation in this case. I've seen no additional evidence that persuades me a valuation higher than Advantage's revised offer is more appropriate here.

Advantage isn't required to take into account the value Mr S' declared when he took out the policy or the amount outstanding on finance before coming to its view about the valuation.

The claims process

I've looked at how Advantage handled Mr S' claim. Mr S received e-mails headed **'We're sorry your vehicle has been written off'** very shortly after he'd reported the incident, before he'd uploaded photographs of the damage and before Advantage had information from its engineer about the estimated costs of repair. We've asked Advantage about this.

Advantage says insurers maintain extensive database of historical repair costs for various types of vehicles and damage scenarios. It says when there's a report of an incident it uses the description of the incident, the vehicle details and benchmark repair costs of similar claims. I accept what Advantage says about this and I don't think it's necessarily unfair for an insurer to make a judgment based on its experience of similar claims. I think it would have been better if it had explained its approach to Mr S but I've seen from its contemporaneous notes that it asked its engineer to check its initial conclusion.

Advantage says it doesn't send policyholders its engineer reports as a matter of course. It's not required to do so in coming to its view about whether a car is a total loss. It was open to Mr S to instruct his own engineer about the likely cost of the repairs.

I think there was some confusion in Advantage's correspondence with Mr S. He was asked to respond to e-mails he hadn't received, there was confusion about the deduction of the excess due under the policy and how he could progress the claim. I don't think those errors merit compensation in this case.

I don't think Advantage acted unfairly or unreasonably in trying to resolve the claim promptly. Where there's a dispute about the settlement of the claim, we think it's reasonable for an insurer to make an interim payment, which is what happened here when Advantage paid the finance provider.

Mr S has asked why Advantage stopped providing a hire car while the claim was still active. Mr S' policy provides that he won't be eligible for a replacement car if his car is considered to be a total loss. So I don't think Advantage acted unfairly or unreasonably in cancelling the hire car arrangement when it did.

I'm sorry to disappoint Mr S but, for the reasons I've explained, I don't uphold this complaint.

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 S to accept or reject my decision before 23 September 2025.

Louise Povey

Ombudsman