

The complaint

Mr W has complained about how Advantage Insurance Company Limited handled a claim he made on his motor insurance policy – and about how they subsequently cancelled his policy.

What happened

Mr W was involved in an accident in December 2024 and claimed on his motor policy with Advantage. The claim was accepted, and Mr W's car was repaired. It was returned to him in January 2025. Just under a week later, Mr W told Advantage that an engine warning light appeared, and they asked him to bring his car back to be looked at again. Advantage said the problem wasn't related to the accident or repairs, so declined to take any action. But they said they'd review if Mr W had a diagnostics test carried out which suggested otherwise.

Mr W went to a dealer who specialises in his make of car, and they undertook the repairs at a cost of around £1,800. He told Advantage that they should be paying for these repairs. Advantage refused, maintaining that Mr W hadn't shown the damage was related to the accident.

Mr W complained several times about Advantage's actions between January and April 2025. And Advantage responded in final response letters dated 19 February, 28 March, and 30 April 2025. In these, Advantage acknowledged some mistakes in administrating the policy that will have been distressing and paid him £40 in compensation – these aren't points Mr W brought to our Service. Advantage didn't uphold the other complaint points but said if he had a diagnostics check done by a dealer who specialises in Mr W's make of car, they would reimburse him for it and examine the report.

Mr W stopped his direct debit for the insurance premiums because of what happened. And, as a result, Advantage cancelled his policy. Mr W then referred his complaints to our Service. He said he wanted Advantage to refund him his full premium; refund his excess; reimburse him £140 in recovery fees; pay to repair his car (around £1,800); pay compensation for distress and inconvenience; give a written apology; confirm there will be no negative impacts to his credit; and confirm the cancellation won't have an impact on obtaining insurance in the future.

Our Investigator considered what happened but didn't think Advantage didn't anything wrong. Mr W didn't agree, saying the warning light flashed up within 10 minutes of collecting the vehicle after Advantage's repairs were completed – so he's certain the damage was caused during repairs. And that Advantage failed to meet their contractual obligations and this immediately invalidates the insurance policy under contractual law.

Since then, Mr W has said to resolve the complaint he would accept if Advantage paid £400 (which would include the cost of recovering his car and compensation for distress and inconvenience); wrote off the remaining premiums owed; and confirmed there will be no effect on his credit file or on obtaining insurance in the future. The Investigator confirmed he wouldn't be asking Advantage to do this, so the complaint has come to me to decide.

I note that Mr W also complained that Advantage shared his data with a third party and didn't send him information after a Subject Access Request (SAR). But I haven't seen that Advantage (or the broker) have had the chance to consider those complaint points, so I haven't commented on them here. I also note Mr W says he's waiting for proof of his no claims bonus – he can speak to his broker directly about this.

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 ours is an informal service, I'm not going to respond to every point or piece of evidence Mr W and Advantage sent us. Instead, I've focused on what I consider to be key or central to the complaint. But I'd like to reassure both that I have considered everything submitted.

Was it unfair for Advantage to refuse to pay for repairs related to the engine fault?

Advantage are obligated to handle claims promptly and fairly – and to not unreasonably decline a claim. It's for a policyholder to show that there's a valid claim under the policy – and the insurer will cover it if they agree and no exclusions apply. The onus is on the insurer to prove that any exclusions apply.

There's no dispute that Mr W's policy covers him for accident-related damage. But there are two policy exclusions Advantage says apply: one says he's not covered for mechanical, electrical, electronic or computer failures or breakdowns or breakages; and the other says Mr W isn't covered for wear and tear, deterioration, depreciation, or any loss or damage that happens gradually.

They said, based on a diagnostic scan they carried out, there's no evidence to show the fault that brought up the engine warning light was caused by their repairs or the accident. Advantage's engineers believed the fault was an issue with the fuel pump and independent of any accident damage or damage during the repairs. They mentioned it could be from misfuelling or running the car out of fuel, but they weren't certain of this. Advantage have said a fault related to the fuel pump implies a mechanical failure or a breakdown. But they said they'd reconsider if he could get a dealership to provide evidence to the contrary.

Advantage said they didn't receive any diagnostic test results from Mr W but said what the manufacturer's report implies is that the damage was caused by wear and tear. But Mr W says the warning light appeared within 10 minutes of collecting the car from the repairers and he believes the fault occurred because of negligence during the repairs.

I asked Advantage to explain further about why the manufacturer's comments showed the damage was caused by wear and tear. But, unfortunately, they didn't reply. I'm not an expert, so I needed to consider the evidence available to me to determine whether it's reasonable for Advantage to think the exclusions apply. On the balance of probabilities, I think it's fair to come to that conclusion. I'll explain why.

I see the notes by the manufacturer mention burned valve seats, ash deposits, and low compression on the cylinders. From what I understand, it's unlikely that this kind of damage is from accident-related repairs as any damage caused by the accident will generally involve more structural damage around the area. There is no evidence that the accident or subsequent repairs caused this type of internal damage. And the fact that multiple cylinders show leakage supports Advantage's opinion that this was a gradual process or some sort of general breakage rather than damage caused by impact or repairs.

Advantage have shown that Mr W has subsequently sold the car, so it's now impossible to have any further tests done. But based on the evidence available, and considering Mr W had the opportunity to submit further evidence to them, I think it's reasonable for Advantage to conclude that the damage wasn't connected to the accident or repairs. It follows that I don't think Advantage need to reimburse Mr W what he paid for the repairs.

Was it unfair for Advantage to cancel the policy?

Mr W's policy says that Advantage can cancel the policy if they've been unable to collect a payment by the due date for an instalment under a credit agreement or if he no longer has an active direct debit instruction in place for the repayments under his credit agreement.

Advantage sent a letter and email to Mr W on 9 May 2025 saying he needed to update his direct debit details or pay his full premium and that they'd cancel his policy on 27 May 2025 if they didn't hear from him. Advantage then sent a mix of reminder letters, emails and text messages on 15, 19 and 25 May 2025 – and sent a letter on 27 May 2025 confirming the policy had been cancelled.

Mr W hasn't argued that he didn't receive Advantage's letters. He's said if he were to continue to make payments, it would have meant he was paying for a service that wouldn't have been provided. As I've mentioned, I don't think Advantage acted unfairly by refusing to repair the damage that caused the warning light to appear – and they had already accepted a claim and repaired his car after the accident. So, I don't agree that Advantage didn't provide the service they were obligated to under the insurance contract. On the contrary, Mr W didn't pay his premium, and Advantage gave adequate warning in line with the terms and conditions of the policy. So, I think it was fair for them to cancel the policy.

Mr W's policy says if his policy is cancelled, Advantage won't refund a premium for any car where a non-recoverable claim has been made on the car during the period of cover – and that where instalments are being paid under a credit agreement, the balance of the annual premium will need to be paid. Mr W has made a claim under the policy, so the terms allow them to expect the full premium rather than issue any refund. So, I won't be directing them to write off the outstanding premium.

My final decision

For the reasons above, 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 W to accept or reject my decision before 13 January 2026.

Andrew Wakatsuki-Robinson
Ombudsman