

## The complaint

Mr G complains about the settlement that Advantage Insurance Company Limited offered him following the total loss of his car after it had made a deduction for a total loss marker. He wants it to pay him a fair settlement and compensation.

## What happened

Mr G's car was damaged and declared to be a total loss. Advantage valued the car at £3,960 less a deduction of 32.30% for the car's previous total loss marker. But Mr G thought this didn't reflect his car's market value. He said he couldn't replace his car for less than £4,000.

Our Investigator didn't recommend that the complaint should be upheld. He thought Advantage's settlement was made in keeping with our approach as it had based this on the highest valuation provided by the motor guides we use. He thought it had provided examples of newer cars with lower mileage advertised at slightly higher prices to justify its valuation. He thought its deduction for the car's previous total loss marker was fair and reasonable as it was supported by evidence.

Mr G replied that he disagreed. He provided two examples of similar cars with total loss markers advertised for sale at higher prices. Mr G said he contacted DVLA to have his car declared SORN but received a refund of only one month's road tax when he'd sent Advantage's agent the car's V5 registration document four months earlier. Mr G asked for an Ombudsman's review, so his complaint has come to me for a final decision.

## 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 can understand that Mr G wants a fair settlement for the total loss of his car. Mr G's policy provides for the car's market value in the case of its total loss. I can see that this is defined in the policy booklet on page 26 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. specification and condition at the date of accident or loss.”*

The Investigator has explained this service's approach to car valuations. We don't provide valuations for cars but look to whether the insurer's offer is reasonable. In most cases, we assess the market value as the price which the consumer would have had to pay for a comparable vehicle across the various markets, immediately before the time of the damage or loss.

Assessing the value of a used vehicle isn't an exact science. We generally find the valuations given in motor guides most persuasive. These guides are based on extensive

nationwide research of likely selling prices. We also take all other available evidence into account, for example, engineer's reports, advertised prices and independent valuations.

Our Investigator thought Advantage's settlement offer was fair and reasonable. So I've checked how he came to this conclusion. I can see that he looked in the motor valuation guides we use for cars of the same make, model, age, mileage, condition and optional extras as Mr G's car at the date of its loss.

Given the current challenges in the used car market the motor valuation guides have a wider range of values than we have seen previously. And we think going by the highest will ensure consumers have received a fair offer, allowing them to replace their car with one of the same make, model and specification. So we now expect insurers to pay the highest of the valuation guides, unless they are able to provide us with evidence which supports a lower valuation.

Advantage had provided a starting valuation of £3,960, which the Investigator confirmed was the highest of the valuations provided by the guides. To validate this, Advantage provided adverts for similar cars advertised at slightly higher prices. But these cars were newer and had less mileage. And I think Advantage reasonably calculated that factoring in these differences would produce a valuation close to the top guide valuation for Mr G's car.

I think this evidence is persuasive and shows that Mr G could replace his car for this amount. And so I'm persuaded that Advantage's initial valuation was fair and reasonable as it was made in keeping with our approach and the policy's terms and conditions.

Mr G told us that he'd carried out work on his car, at some cost. But we consider this essential maintenance to keep the car roadworthy, and this would already be taken into account in the valuation.

Advantage then reduced its settlement by £1,279.08 because the car had a Category N salvage marker placed upon it previously. Mr G thought this wouldn't make any difference to the car's market value. But Advantage has shown us that it arrived at a deduction of 32.30% of the car's initial market value based on its research across 27 similar cars with Category N markers. So I'm satisfied that Advantage has reasonably justified its deduction with evidence.

Advantage's engineer also deducted £75 for the cost of repairing some pre-existing scratches. Mr G thought this deduction was unfair given the age and mileage of the car. But I can see that Advantage reasonably disregarded other areas of minor wear and tear, such as stone chips and scuffs. And I can't say it was unfair for it to rely on its engineer's report to deduct £75 for a larger repair.

This led to a final settlement of £2,605.92, with the policy excess waived. And I think that was fair and reasonable as Advantage has provided evidence to justify the initial valuation and the deductions.

Mr G said Advantage's agent hadn't declared the car SORN and so this had caused him a loss of some months' road tax refund. But I can't see that Mr G has complained to Advantage about this first. So I can't consider this concern here.

## **My final decision**

For the reasons given 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 G to accept or reject my decision before 1 January 2026.

Phillip Berechree

**Ombudsman**