

The complaint

Mr K complained about the salvage category placed on his vehicle by Advantage Insurance Company Limited after he made a claim under his van insurance policy for damage to it.

Any reference to Advantage includes Hastings Insurance Services.

What happened

Mr K made a claim for damage to his van. Advantage's agent, who I'll refer to as C, assessed the damage to it and decided it should be classed as a total loss. And, having seen C's engineer's report, Advantage placed a salvage marker on the van of S. This denoted that it had suffered structural damage but was repairable. C agreed a settlement amount with Mr K. But Advantage decided to avoid his policy and refuse his claim on the basis he'd failed to declare a fixed penalty offence when he'd renewed it.

We dealt with a separate complaint about Advantage's decision to avoid the policy and reject Mr K's claim. And I issued a final decision on that complaint in which I said Advantage was entitled to avoid the policy and refuse Mr K's claim.

Mr K then asked us to consider this complaint about the salvage category placed on his van by Advantage. One of our investigators did this and said he was satisfied that Advantage had acted reasonably when placing the salvage category of S on Mr K's van.

Mr K didn't agree with the investigator's assessment. He said his van was economic to repair and when he got it back it had category N written on the windscreen in chalk. He also suggested that Advantage shouldn't have notified DVLA of the salvage category, as he was the owner of the van.

I issued a provisional decision on 20 October 2025, in which I set out what I'd provisionally decided and why as follows:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've seen the report provided by C on Mr K's van and it says it has suffered structural damage and there is a diagram showing where this is on the van. And The Association of British Insurers Code of Practice for the Categorisation of Motorised Vehicle Salvage (the code) states that all vehicles with structural damage must be categorised in accordance with the code. And, as an insurer, Advantage has to comply with the code. And, irrespective of whether it actually settles a claim under one of its policies, Advantage is obliged to place a salvage category on any vehicle it assesses in the course of considering a claim if an Appropriately Qualified Person (AQP) acting for it or one of its agents decides it has suffered structural damage. And, while I have not actually seen his qualifications, I think it is reasonable to assume that the person from C who decided Mr K's van had suffered structural damage was an AQP. So, I think it was reasonable for Advantage to accept his assessment and place a category S marker on Mr K's van.

However, the code says that in the event of a dispute between the insurer and other interested parties, the matter should be escalated to an AQP who assumes responsibility for the final decision on the salvage category. Mr K is an interested party, as the owner of the van. So, I think when Mr K disputed the salvage category Advantage should have escalated the matter to the AQP person it designated to assume responsibility for the final decision. But, it doesn't appear to have done this. Instead, it seems to have relied on the assessment carried out by C's engineer. I appreciate Advantage might argue that C's engineer is the AQP who has assumed responsibility for the final decision. But I think the code means it needed to escalate the matter to a more senior AQP internally or at C.

This means I've provisionally decided the fair and reasonable outcome to Mr K's complaint is for me to require Advantage to comply with the code and escalate the dispute about the salvage category placed on Mr K's van to a more senior AQP. And they will need to make the final decision on the salvage category for it. In doing so, the AQP should consider any evidence provided by Mr K, such as the repair invoice and the comments provided by the repairer. They should also contact C and ask them why category N was written on the windscreen of Mr K's van, if its engineer had decided it should be classed as category S. And the AQP should alter the salvage category or remove it on the appropriate systems and notify DVLA if they think that the salvage category allocated by C's engineer was wrong. I have also noted that the repair cost estimated by C was a lot less than the market value of Mr K's van. This not only means that Advantage was wrong in its final response email to say the van was uneconomic to repair, but it also means that if the van was not structurally damaged, it may not be appropriate to apply a salvage category to it at all.

I think Advantage's failure to properly consider Mr K's dispute about the salvage category and escalate it to an AQP has caused him unnecessary distress and inconvenience. And I think this warrants a compensation payment of £100.

My provisional decision

I've provisionally decided to uphold Mr K's complaint about Advantage Insurance Company Limited and require it to do the following:

- Escalate the dispute about the salvage category placed on Mr K's van to another more senior AQP to make the final decision on the salvage category for it. In doing so the AQP should consider any evidence provided by Mr K, such as the repair invoice and the comments provided by the repairer. They should also contact C and asked them why category N was written on the windscreen of Mr K's van, if its engineer had decided it should be classed as category S. And the AQP should take into account what C says on this. The AQP should alter the salvage category or remove it on the appropriate systems and notify DVLA if he thinks that the salvage category allocated by C's engineer to Mr K's van was wrong.*
- Pay Mr K £100 in compensation for distress and inconvenience.*

I gave both parties until 3 November 2025 to provide further comments and evidence in response to my provisional decision.

Advantage did not provide any further comments or evidence.

Mr K provided further comments through his representative. He said that Advantage's engineer shouldn't have put a salvage marker on his van until his claim had been paid. He also explained that after he got his van back from Advantage, he sold it for parts, as it was not cost-effective to have it repaired due to the salvage marker. He further explained that if it did not have the marker on it he could have sold it for around £10,600. And he thought he'd

suffered a financial loss of around £3,000 because he couldn't do this.

I wrote to Mr K's representative and explained that Advantage's engineer had to add a salvage marker once he'd inspected the van and decided it was structurally damaged, irrespective of whether Advantage paid Mr K's claim. I also explained, that even if he shouldn't have added a salvage marker, I didn't think Mr K had lost out, because he would have been unlikely to sell the van after it had been repaired for more than £8,000.

I then had a telephone discussion with Mr K's representative and explained my view further. And he said that he understood why I didn't think Mr K could have lost out financially. However, he asked me to reconsider the amount I intended to award in compensation for distress and inconvenience.

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 considered the further comments provided by Mr K's representative. And it remains my view that Mr K has not lost out financially if the engineer's decision that his van was structurally damaged was wrong and he shouldn't have marked it as Category S for salvage. I say this because I don't think Mr K could have sold his van for more than about £8,000 without a salvage marker. And it would have cost him at least £6,000 to get it fully repaired. This means he'd have only made £2,000 when he sold it, which was what he got when he sold it for parts.

In view of this and, as I now know Mr K sold his van for parts, I see no point in me requiring Advantage to appoint another engineer to review the salvage category placed on it by its original engineer.

I have re-considered the amount of compensation Mr K should receive for the distress and inconvenience he experienced because of Advantage's failure to appoint a second engineer to assess the salvage category of his van. But it remains my view that £100 is fair for this. It would have been frustrating for Mr K to have to sell his van thinking he may have lost out due to the salvage marker. But, if the salvage marker had been removed, he still would have had to sell it; so really the only distress he experienced was due to not knowing whether the salvage marker was correct and thinking, albeit incorrectly, that he'd lost out because of it.

My final decision

For the reasons set out above and in my provisional decision, I uphold Mr K's complaint about Advantage Insurance Company Limited and require it to pay him £100 in compensation for distress and inconvenience.*

* Advantage must pay the compensation within 28 days of the date we tell it Mr K accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 15 December 2025.

Robert Short
Ombudsman