

The complaint

Mr R complains about the amount he was charged by Advantage Insurance Company Limited to keep his car after it was declared a total loss following a claim made on his motor insurance policy.

Reference to Advantage includes, where relevant, its agents.

What happened

Mr R held a motor insurance policy with Advantage. When he was involved in an accident he made a claim for the damage caused.

Advantage accepted the claim and due to the extent of the damage decided to write the vehicle off and pay Mr R an amount equal to the market value of his vehicle immediately before the accident - £10,500.

Mr R wanted to keep the vehicle and repair it himself so asked if this was possible.

Advantage said it was possible, but that Mr R would have to pay £3,600 (or have the charge deducted from his settlement) to do so.

Mr R complained about this figure. He thought it was too high. And said he'd been told the amount would be between 20 and 25% of the value of the car, not the 34% he was quoted.

Advantage didn't uphold Mr R's complaint, it said the retention fee (the amount charged to allow Mr R to keep his vehicle) was set by its salvage agent and it had no control over it. It said there was no evidence it had told Mr R of any different amount.

Unhappy, Mr R brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't recommend it be upheld. She thought it was a fair principle to charge Mr R to keep his car following it being declared a total loss. And she thought Advantage had evidenced the amount it had charged Mr R - £3,600.

Mr R remained unhappy and asked for an Ombudsman's decision.

I issued a provisional decision explaining that I was thinking of upholding the complaint. It said:

"As a general principle we think it's reasonable that an insurer charge its policyholder to keep the vehicle if it's declared a total loss. That's because of two main reasons. The first being that not doing so would be reasonably classed as betterment. The policyholder would be paid the market value of the vehicle at the time of the loss, and would have the extra benefit of the vehicle too.

The second reason, linked to the first, is that it's in most policies that when a claim is settled as a total loss, the vehicle becomes the property of the insurer. That insurer usually then passes the vehicle on to its salvage agent in return for a fee. That salvage agent usually

then sells the vehicle at auction. So, by allowing the policyholder to keep the vehicle (salvage category permitting) the insurer will not be getting that fee from it's salvage agent. So it's reasonable it passes that cost on to the policyholder.

Key here though is that until that settlement is made, the vehicle is not Advantage's property, it remains the policyholder's. And also key is that Advantage needs to evidence its loss, not it's salvage agent's loss.

Here, it's told us it has no control over the retention fee. That may well be the case, but it still has a responsibility to evidence to us what its loss is. What we've been provided in this case is an estimate of what the vehicle would likely have sold for at auction. That quote gives a range of estimated sales prices, a high one, and a low one. But I'm not persuaded this shows me what Advantage's loss is. I'm satisfied it shows me what its salvage agent didn't receive by selling the vehicle. But I'm not satisfied it shows me what figure Advantage was not paid by that agent for the salvage. I think it's unlikely that the salvage agent would pass on 100% of the value of the proceeds of the auction sale to Advantage. Namely because it would itself need to operate as a business, cover its own costs and make some form of profit.

I accept there may be commercial relationships in place which might explain why Advantage is passed on 100% of the auction proceeds. For example Advantage may pay its agent a flat fee for its services, and in return the salvage agent might pass on 100% of auction proceeds to Advantage. But despite being asked to explain and evidence its relationship with the salvage agent, to better understand the loss allowing a policyholder, specifically this one, Mr R, to keep their vehicle causes it, Advantage has not responded. I appreciate such information is commercially sensitive. But as a Service we're entitled to ask and require such information to make decisions. Were this information provided to us, we'd not share it further.

So, in the absence of such information, I'm not persuaded Advantage has fairly shown the loss it suffered as a result of allowing Mr R to keep his vehicle.

On the file there are two other figures noted. There's a salvage figure of £2,100 and another of £1,930.80. There's no explanation of these two figures. And, despite being asked for one, Advantage hasn't provided us one.

So with that in mind, to avoid detriment to Mr R, I'm minded to say Advantage can only deduct the lowest of those two fees - £1,930.80 to allow him to keep the vehicle. It is likely allowing him to keep the vehicle has caused it some loss. I just can't be fully satisfied what that loss is. However without explanation, as explained above, I think that loss is likely to be less than the amount the salvage agent would have sold the vehicle for at auction.

So, to put things right, Advantage should pay Mr R the difference between £1,930.80 and the £3,600 it charged him to keep his vehicle. I make that out to be £1,669.20. Interest should also be added to this amount. And that interest should be calculated from the date Mr R was paid the settlement of his claim, to the date Advantage makes this payment to him.

I also consider that this matter has caused a degree of distress and inconvenience to Mr R. I've not seen anything to show he was informed of any lower figure, but having being paid a figure you feel unfair – and that hasn't been adequately evidenced as being fair - will have been distressing. Trying to rectify that, would have been inconvenient. So, Advantage should also pay Mr R £100 compensation.”

Mr R accepted that decision.

Advantage didn't. It said the two lower figures quoted in its notes were just earlier estimates. It maintained the correct amount for Mr R to keep his car was £3,600. It provided an explanation of why it said this was the fair amount as well as an email from its salvage agent explaining what was charged, and paid to Advantage following Mr R keeping the salvage of his car.

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.

Ultimately, I'm not changing my decision. I appreciate Advantage has tried to explain what loss it's been caused by allowing Mr R to keep his vehicle – and therefore what a fair amount to charge for allowing him to keep his car is - but I'm not persuaded it's done that.

It's explained the evidence it first provided is an estimate of the likely auction sale price. It's said its salvage agent thought, due to the condition of Mr R's vehicle that Mr R's car would likely sell at the top of that range. That's fair enough.

But it's said in the same explanation that it doesn't receive 100% of the auction sale proceeds. It's said its agent sets a flat fee, but it's not really told us how that fee is calculated, for example, what percentage of the likely auction price that fee is based on.

In the email from the salvage agent to Advantage that it's provided us, it appears as though Advantage has been paid for Mr R's vehicle by that agent. Which isn't implausible given Advantage said Mr R needed to pay the agent directly in order to keep his car. But the amount it's been paid isn't £3,600, it's less. There's also a charge for the agent's fees but no explanation of when these are charged. I'm not going to share what either of those figures are to make sure I'm not inadvertently sharing commercially sensitive information.

But all this information ultimately doesn't paint a clear picture of what Advantage's loss is. The email from the salvage agent says as such, stating "I cannot advise you on your losses". What I can see is what Advantage, via its agent, charged Mr R to keep his car. And I can see following that what Advantage was paid by that salvage agent. They are not the same two values. What I've not been shown is what would have happened had Mr R not kept his car and how this differs to what happened here by allowing him to keep it. Ultimately, I'm no more persuaded on what Advantage's actual loss is here.

So, while I appreciate the figure I've said it should charge is only an estimate, I'm not persuaded it's evidenced any higher figure being fairer. Therefore, my decision remains that it should pay the difference between £1,930.80 and the £3,600 it charged Mr R to keep his vehicle. I make that out to be £1,669.20.

My final decision

For the reasons set out above, my final decision is to uphold this complaint. To put things right Advantage Insurance Company Limited needs to:

- Pay Mr R £1,699.20 plus interest*
- Pay Mr R £100 compensation

Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Advantage to take off tax from this interest. If asked, it must give Mr R a certificate showing how much tax it's taken off.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 30 December 2025.

Joe Thornley
Ombudsman