

The complaint

Mr S complains about the settlement Advantage Insurance Company Limited (Advantage) made to him, for a claim he made on his motor insurance policy after his car was declared a total loss.

What happened

Mr S holds a motor insurance policy with Advantage. When his car was damaged in an accident he made a claim.

Advantage accepted the claim and agreed to settle it by paying Mr S the market value of his car at the time of the loss. Advantage thought the market value of Mr S's car was £14,416.33. It said it used the available valuation guides to reach that figure.

Mr S didn't think this was enough to buy a like for like car and complained to Advantage.

Advantage didn't agree, it said it used three valuation guides which produced valuations of £15,975, £13,724 and £13,550. It calculated the average of the three guides to achieve its valuation of £14,416.33.

Because Mr S remained unhappy with Advantage's valuation, he brought his complaint to our Service.

Our Investigator didn't think Mr S's claim should be upheld. They thought Advantage's valuation of his car was fair, being in line with the policy and our approach. Mr S didn't agree and asked for an Ombudsman's decision. He maintained he didn't think he could replace his car with a like for like with Advantage's valuation.

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 want to acknowledge I've summarised Mr S's complaint in less detail than he's presented it. I've not commented on every point he has raised. Instead, I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service.

My role here is to decide whether Advantage have acted fairly towards Mr S.

The role of this service isn't to work out exactly what the value of an individual car is. We look at whether the insurer has applied the policy terms correctly and valued the car fairly. Under the terms of Mr S's policy, Advantage has to pay him the market value of the car, less his policy excess.

Advantage when assessing a fair market value of a car, have used valuation guides. The valuation guides are based on advertised prices of similar cars, with a similar age and

mileage as the car it's valuing at the time of the loss. It isn't unreasonable for Advantage to do this and is standard practice within the industry. We consider it is good industry practice for an insurer to pay the highest of the valuation guides unless it can provide evidence to support that's not a fair reflection of the car's value.

Advantage has valued Mr S's car at £14,416.33 (before the excess deduction). It's said it's valued this by using an average of the valuation guides.

Advantage has provided three valuation guides it used when valuing Mr S's car, providing valuations of £13,550 (CAP), £13,724 (Auto Trader) and £15,975 (Pecayso).

Our investigator also obtained a further valuation £14,080 (Glass) and updated a valuation to include the optional extras £14,295 (CAP).

Advantage said its valuation is supported by the adverts it has provided. Looking at these three adverts, I can see the adverts range in price between £13,600 and £14,475. One of the adverts was for a car with 20,000 less miles, one advert was for a car with 10,000 less miles and one was for a car with similar mileage to Mr S's. I have also carefully considered the adverts Mr S has provided. I can see four of the adverts were for the same car, of the same age and with similar mileage – and were valued at £12,999, £13,600, £13,700 and £13,994. Some of the adverts for cars around £16,490 to £18,990 weren't comparable as the mileage was a lot lower than Mr S's car. In considering the adverts provided by Mr S and Advantage, I find this evidence to be relevant and persuasive because it shows that cars of the same age, similar specification and similar mileage were available for sale at the time of the loss for the amount Advantage was settling Mr S's claim for.

I've also considered what Mr S has said about the optional extras fitted to his car. While optional extras may make a car more attractive to a potential purchaser, in general they don't add to a car's market valuation and will depreciate alongside the vehicle itself. I'm satisfied the valuation guides included the optional extras where there was a value to the items. Mr S also highlights the condition of his car, including the work he had carried out on the vehicle and its service history. However, again I think while these factors may have made his car potentially more attractive, I'm not persuaded they would increase the market valuation, the valuation guides will also take into consideration the condition of the car.

I have thought about Mr S's comments that the cars in the adverts Advantage relied on aren't comparable to his car, with the optional extras and lack of full-service history. I'm satisfied Advantage used the appropriate guides and provided reasonably comparative adverts in line with our approach.

So I think the settlement offered represents a fair market value. And as I'm ultimately satisfied Advantage has shown Mr S could replace his car with a similar one for the amount offered – which is essentially what the policy requires, I won't be asking Advantage to increase this.

My final decision

For the reasons set out above. 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 10 April 2026.

Lorraine Ball
Ombudsman