

The complaint

Mr H complains about the manner in which Advantage Insurance Company Limited handled a claim on his motor insurance policy.

Mr H's policy is branded in the name of the insurance intermediary which administers it on Advantage's behalf. But as Advantage is the policy underwriter it is responsible for dealing with claims and complaints about those. So I will only refer to it within this decision.

What happened

Mr H owns an electric car which he insured with Advantage. In November 2024 the car developed a fault. The manufacturer's garage identified that rats had chewed through some of the wiring. Mr H claimed on his policy for the repair. Advantage moved the car to one of its repairers (the garage). There was little progress and eventually, towards the end of April 2025, the car was moved to a specialist repairer (the specialist).

After the specialist's initial repair the car was still suffering from numerous faults. Advantage eventually said the car was uneconomical to repair. So, in July 2025, it said it would settle Mr H's claim on a total loss basis. It offered him £12,870 which it said was the market value of the car. It also offered him £700 compensation, on top of £400 compensation it had paid to him earlier in the claim journey, to recognise the impact of its poor service. It also said it would waive his policy excess of £345 and allow his no claims bonus.

Mr H wasn't satisfied with Advantage's handling of the matter and didn't wish to accept its offer to settle his claim. He brought his complaint to the Financial Ombudsman Service. One of our Investigators looked into it. He thought Advantage's offer of compensation was reasonable. But he believed it had undervalued Mr H's car. So he said it should increase the valuation to £17,543 and add appropriate simple interest to its settlement.

Advantage didn't agree with our Investigator's complaint assessment; so the matter's been passed to me to determine.

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.

The repair journey

Mr H believed that the garage attempted a botched repair which ultimately caused further damage, resulting in Advantage deeming his car a total loss. In contrast the garage concerned said it did not carry out any repairs on the car. It said it ordered the necessary parts, a wiring loom, from the manufacturer but – after a significant delay – the wrong wiring loom was delivered. So the garage said it didn't attempt a repair.

Mr H says that photographs taken before and after the garage had the car show it had attempted a repair. In contrast the garage told Advantage it 'assumed' that the technician involved had simply separated the wires to identify their colours.

The photographs would appear to show that the garage did more than simply separate out the wiring. But I don't think it would be fair to determine that its actions were the cause of the many issues the car developed.

The specialist who attempted to repair the car concluded that at least some of the issues most likely arose owing to a 'spike' in the power to one of the car's components – the electrical machine electronics – which manages the power from the high voltage battery. The specialist said this most likely happened because of crossed or exposed wires. It's not in doubt that the car's initial problems were caused by rats chewing through the wires which would have exposed some of them and it seems likely from the photographs they could have crossed at a point before the garage took any action.

Mr H thinks that further investigation could reveal when the problems occurred. However, the specialist told Advantage that it was no longer possible to communicate with the car. And it would need to replace multiple modules in order to do so. In those circumstances, I'm not persuaded that further investigation is proportionate or justified.

I'll add that, even if further investigation did determine that the garage's actions had made the car's problems worse (to the point that it was now uneconomical to repair), the outcome would be the same for Mr H. That is the car would still be deemed a total loss. And Advantage would still be responsible for dealing with the claim on that basis. So I don't think Mr H is in any worse position because further investigation wasn't carried out.

Valuation

Advantage offered to settle Mr H's claim on the basis of a valuation of £12,870. I've considered whether that offer is fair.

Mr H's policy says that in the event Advantage deemed his car a total loss, it would settle the claim by paying its market value "*immediately before the loss*". The policy defines market value 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.."

Assessing the market value of a car is not an exact science. And it's not my role to value vehicles. When looking into whether or not a valuation is fair we check trade guides (which I've referred to by their initials below), adverts and other relevant evidence. And I've considered if Advantage's offer to settle Mr H's claim is fair and in line with the policy terms and our general approach.

Given the competitive market for second-hand vehicle sales, and to minimise the risk of detriment to the policyholder, the Financial Ombudsman Service feels that the starting point for any settlement should be the highest valuation returned by the trade guides. Then, if an insurer wants to pay less, it will have to evidence why that is fair. It might be that there's persuasive evidence, for example from adverts or other independent reports, which suggest that another value, lower or higher, is fair in the relevant circumstances.

In this instance Advantage used four industry recognised trade guides to value Mr H's car which gave the following valuations: A – £11,105; G – £11,920; C – £12,870; P – £17,543.

Advantage believes that P's valuation was an outlier which should be discarded. Then, after considering the market, it offered Mr H the highest of the other three values, £12,870.

As I've said above, we generally consider the starting point for any settlement to be the highest valuation returned by the trade guides. It certainly can be the case that, given that all the trade guides use different algorithms, that one (or more) of them may arrive at a valuation which isn't reasonable. However, while I recognise that P's valuation is higher than the others, that doesn't mean it's unreasonable. P's algorithm uses live advertised prices at the date of loss, so its valuations are automatically evidence based to a certain extent. It follows that, in order for it to be fair for Advantage to discard this valuation, it would need to provide evidence that a lower valuation is fairer.

In this case Advantage has referred to four adverts for similar cars to Mr H's. Three of those were advertised for a sum less than Advantage's valuation. So it believes this is evidence

that its valuation is fair. But, it's notable that those adverts were obtained towards the end of September 2025. That is almost 11 months after the date of loss. And it's commonly understood that most vehicles will lose value as they age. So I don't think those adverts are reflective of what the market value would have been in November 2024, at the date of loss.

Advantage has argued that the car was not deemed a total loss until after Mr H's repair complaint. So it's considered the state of the market around the time he would have been looking to replace his car. And as such it says its valuation is reasonable. But I'm not satisfied that argument is fair.

Mr H's policy says that it will pay the market value at the date of loss, not at the date a consumer is looking to replace their car. So, any supporting evidence for market values at the date of loss should be contemporaneous with that date. In this case that means the evidence should be from around November 2024. And I would find it grossly unfair to say that an insurer can justify paying a lower settlement on the basis that, because of its delays, selling prices have fallen in the meantime. But that is essentially the argument that Advantage is relying on now. And it's an argument that I reject.

It follows that, in line with our usual practice, I think it's fair that Advantage settles the claim for the total loss of Mr H's car based on the highest trade guide valuation of £17,543.

Replacement car

While Mr H's car was with a repairer Advantage provided him with a replacement car to keep him mobile. However, after it deemed the car a total loss it told him he would need to return the replacement car. And as Mr H had refused to accept the total loss settlement that meant he was without a car. But, I don't think Advantage treated him unfairly here.

That's because Mr H's policy says that while his car is in for repair it will provide him with an alternative. But, his policy doesn't entitle him to a replacement car if his own car was deemed a total loss. So, once Advantage had deemed his car to be a total loss he was no longer entitled to the replacement car. And in those circumstances I think it was fair that Advantage asked him to return the replacement car. It was Mr H's choice alone not to accept the total loss settlement at that point, which he could otherwise have used to fund a replacement. So I don't think it would be fair to make Advantage responsible for any additional costs Mr H incurred from that point forwards because he didn't have access to his car.

Compensation

I'm aware Mr H believes that, given the issues and the poor claim journey he's experienced, Advantage should replace his car with a new one. But there's simply nothing within his policy that entitles him to that. His policy would only provide him with a new car if his own car was deemed a total loss when it was still less than one year old. That's not the case here as Mr H's car is around five years old. And, as I say more about below, I think that generally Advantage has compensated Mr H in a reasonable way for the impact of its poor claim handling. So I don't think it would be fair to instruct it to buy Mr H a new car, especially as he didn't own the car from new.

That said Advantage has acknowledged it took far too long to deal with the matter. It seems it identified at a fairly early stage that a specialist repair would be required. But it then took many months to move the car to the specialist. And in total the process took in excess of six months. That delay wasn't justified.

It's apparent that Mr H found the whole claim journey a rocky one to navigate. He has clearly spent many hours dealing with the matter, in an effort to sort things out. I understand that he's suffered immense stress and frustration along the way. But, generally, the issue of the valuation aside, I think Advantage has gone a fair way to compensate him for the impact of its shortcomings. It made two compensatory payments to him, of £200 each, in March and

April 2025. It then offered a further compensation payment of £700 in July 2025. Making a total of £1,100.

On top of the sums above Advantage has also agreed to waive Mr H's policy excess of £345. An excess is generally payable on any claim regardless of the outcome. Where there is a third party to recover any losses from then an insurer like Advantage may choose to waive the excess. But in a situation like this, where there is no liable third party, then the excess is always payable. So in waiving this excess Advantage has, in effect, increased the compensation by £345 to a total sum of £1,445. I think that's adequate compensation in the circumstances, as it addresses the substantial distress and inconvenience Mr H has suffered over a sustained period. So I don't intend to instruct Advantage to increase this sum.

Putting things right

Unless it has already done so Advantage must:

Pay Mr H £17,543 to settle the claim for the total loss of his car. It should add simple interest, at a rate of 8% a year, to the difference between the amount it initially offered to settle his claim for (£12,870) and that sum. Interest is only payable on the difference between the two sums as Mr H chose not to receive the lower sum even though Advantage made it clear that accepting it would not prejudice his complaint. Advantage should calculate the interest payable from the date it initially offered to settle the total loss claim to the date it makes payment to him¹.

Pay Mr H £700 compensation (the amount it offered previously in addition to the amounts already paid) to address his distress and inconvenience.

My final decision

For the reasons given above I uphold this complaint. I require Advantage Insurance Company Limited to take the steps set out under the heading 'putting things right' above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 February 2026.

Joe Scott
Ombudsman

¹ If Advantage considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr H how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.