

## **The complaint**

Mr H complains that Advantage Insurance Company Limited unfairly declined a claim he made on his motor insurance policy.

Reference to Advantage includes its agents.

## **What happened**

Mr H held a motor insurance policy with Advantage. When he drove over a pothole, he made a claim to Advantage for damage he said that caused.

Ultimately, Advantage declined his claim. It said the damage was caused by corrosion, which it said happened gradually, something excluded from cover.

Mr H disagreed. He said there were advisories on the MOT nearly three months before the incident, but while these noted corrosion, they said his car was structurally sound. He said his car wasn't damaged before hitting the pothole, and thinks the claim should be covered.

Unhappy, Mr H wanted to cancel the policy. Advantage said he could cancel, but that no premium would be returned to him because he'd made a claim on it, and it had made payments on that claim (to third parties).

Mr H didn't think this was fair so he complained. He wasn't happy with the claim decline or the fact he got no refund on cancelling the policy. And he also complained about how Advantage handled his complaint with long waiting times on calls multiple transfers between departments and misinformation on the status of his complaint.

Advantage didn't change its stance on the claim or the refund. But it acknowledged it's handling of Mr H's complaint caused distress and inconvenience. It paid £30 compensation.

Mr H remained unhappy so brought his complaint to the Financial Ombudsman Service.

One of our Investigators didn't think Mr H's complaint should be upheld. They thought Advantage was acting reasonably when declining the claim and not refunding any premium when Mr H cancelled the policy. They thought £30 compensation was reasonable for the distress and inconvenience caused.

Mr H disagreed and asked for an Ombudsman's 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.

Having done so, I'm not upholding it. I'll explain why.

I'll not be commenting on every bit of evidence received or argument raised. Instead, in line with our role as an informal service, I'll comment on what I consider key to the dispute.

### *The claim*

I'm satisfied Advantage was acting reasonably and in line with the terms of the policy when it declined Mr H's claim.

I appreciate Mr H's point that he hit a pothole and that following that damage was sustained. I understand that he thinks that shows the pothole caused the damage. But that's not necessarily the case.

And I don't think that's the case here. I think Advantage has shown that were it not for the corrosion on Mr H's vehicle, specifically the part that broke, the damage would not have occurred. So, while the pothole is undoubtedly a factor in the damage, it's not the main cause of it, the corrosion is.

Corrosion I think can reasonably be deemed as damage which occurs over time, or gradually. So, given the policy excludes damage caused gradually, I think it's reasonable that Advantage don't pay this claim.

I understand Mr H argues the advisories on the MOT just under three months before the incident showed the vehicle was structurally sound. That may be the case. But it doesn't show it was structurally sound at the point of the incident. Nor does it show that the pothole was the main cause of the damage, and that were it not for the corrosion, the same damage would have happened.

I understand too that Mr H has concerns of the independence of the report Advantage is relying on. He's right in that Advantage paid for that report, but I've not seen anything which shows it influenced the outcome of it. And importantly, I've not seen any other comparable evidence disproving what that report finds.

### *The refund on cancellation*

Advantage didn't provide a refund on cancelling the policy. That's because it says a claim was made and it paid costs. I've seen that it's paid costs, and it's a term in the policy that no refund will be given where a claim is made on the policy.

Advantage has paid costs to third parties on this claim isn't able to recover any of those costs from anyone. If Mr H wanted to pay them I'd expect Advantage to then record the claim as bonus allowed with no costs paid.

### *The service throughout*

It's clear the service throughout this complaint in particular wasn't to the standard Mr H was rightly expecting. There were lengthy calls and wait times, and Mr H was told his complaint was closed on to be later told it was still being looked into.

Advantage paid £30 for this, which is probably lower than I'd have recommended. But it's in the same band, it's not substantially different to what I'd be recommending had no compensation been offered at all. So with that in mind, I'm not increasing it. I appreciate Mr H thinks this isn't enough, and he'd be entitled to think that. What amount of compensation is right for the distress one is caused is a very subjective matter. That's why here, although I'd have probably liked to have seen Advantage offer more, what it has offered is in line with our guidelines, and thus, not unfair.

## **My final decision**

For the reasons set out above, my final decision

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 February 2026.

Joe Thornley  
**Ombudsman**