

The complaint

Mr G complains about the settlement that Advantage Insurance Company Limited offered him following the total loss of his car. He wants it to pay him a fair settlement.

What happened

Mr G's car was damaged and declared to be a total loss. Advantage offered Mr G £3,200 less the policy excess in settlement of his claim. But Mr G thought his car was worth more due to its recent maintenance and his location. He thought it was worth £4,800. But Advantage declined to increase the settlement.

Our Investigator didn't recommend that the complaint should be upheld. He thought Advantage's settlement was made in keeping with our approach as it had paid close to the highest valuation provided by the motor guides we use. He thought a small deduction made for pre-existing damage was unfair, due to the car's age. But this didn't affect the valuation. And he thought examples of cars advertised for sale at higher prices provided by Mr G weren't persuasive as the cars weren't similar to his.

Mr G replied that the valuation didn't take into account his location where there were no similar cars for sale. He thought the evidence didn't show that he could replace his car for £3,200 in his locality. Mr G asked for an Ombudsman's review, so his complaint has come to me for a final 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.

I can understand that Mr G wants a fair settlement for the loss of his car. Mr G's policy provides for the car's market value in the case of its total loss. I can see that this is defined in the policy booklet 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. This may not necessarily be the value you declared when the insurance was taken out. Your insurer may use publications such as Glass's Guide to assess the market value and will make any necessary allowances for the mileage and condition of your car and the circumstances in which you bought it."

The Investigator has explained this service's approach to car valuations. We don't provide valuations for cars but look to whether the insurer's offer is reasonable. In most cases, we assess the market value as the price which the consumer would have had to pay for a comparable vehicle across the various markets, immediately before the time of the damage or loss.

This could be slightly less than advertised retail prices, although this will depend on the most likely market for the particular age and model of vehicle. Because of recent changes in the market, we are increasingly hearing of cars selling either for or close to their advertised price.

Assessing the value of a used vehicle isn't an exact science. We generally find the valuations given in motor guides most persuasive. These guides are based on extensive nationwide research of likely selling prices. We also take all other available evidence into account, for example, engineer's reports, advertised prices and independent valuations.

Our Investigator thought Advantage's settlement offer was fair and reasonable. So I've checked how he came to this conclusion. I can see that he looked in the motor valuation guides we use for cars of the same make, model, age, mileage, condition and optional extras as Mr G's car at the date of its loss. He found three valuations ranging between £2,650 and £3,240.

Given the current challenges in the used car market the motor valuation guides have a wider range of values than we have seen previously. And we think going by the highest will ensure consumers have received a fair offer, allowing them to replace their car with one of the same make, model and specification.

So we now expect insurers to pay the highest of the valuation guides, unless they are able to provide us with evidence which supports a lower valuation.

Advantage had provided a valuation of £3,260 and deducted £60 for a pre-existing minor dent. I don't think this deduction was fair given the car's age and mileage. But the final valuation of £3,200 was very close to the highest of the valuations provided by the guides.

Advantage provided examples of similar cars with similar mileages to Mr G's car advertised for sale at prices between £2,695 and £3,490. These weren't in Mr G's locality, and our Investigator couldn't locate adverts for comparable cars for sale in Mr G's locality.

Mr G provided four adverts for similar cars advertised at higher prices. And I have considered these and looked to see where the advertised cars are identical to Mr G's. And I don't find these persuasive as the cars are different models, newer models and with lower mileages.

So I haven't seen any cars of the same specification, age and mileage advertised for sale in Mr G's locality. I acknowledge Mr G's argument that second hand cars are more expensive in his locality. But I haven't seen evidence to show that Mr G couldn't replace his car for the amount of Advantage's final valuation.

Mr G has provided evidence to show that he had maintained his car and had recently changed its tyres. But we think that maintenance keeps the car roadworthy and in a retail condition, but it doesn't increase its market value. So I'm satisfied that this isn't a reason to increase the car's valuation.

And so I'm persuaded that Advantage's final valuation was fair and reasonable as it was made in keeping with our approach and the policy's terms and conditions. I don't require it to increase this.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 20 May 2026.

Phillip Berechree
Ombudsman