

## **complaint**

Mr D complains that he's lost out as a result of the way in which Advantage Insurance Services Limited handled and settled his insurance claim. He says Advantage were wrong to write off his car after it was involved in an accident. He's also unhappy about the customer service he received.

My references to Advantage also include its agent Hastings Insurance Services Limited, the company which, on Advantage's behalf, handled both Mr D's insurance claim and his subsequent complaint.

## **background**

Mr D's car was written off - known as a total loss - after Advantage said it was uneconomical to repair, following an accident. Advantage settled Mr D's claim, less its 'salvage value', as he also kept his car.

Prior to the settlement, Mr D complained to Advantage about the handling of his claim. He said that the valuation of his car didn't take into account its condition and particular specification. Mr D didn't think the valuation was high enough. He produced evidence of similar cars advertised at higher prices. Advantage said it had valued Mr D's car correctly using the trade guides, although it did increase the pre-accident value.

Mr D was particularly unhappy about Advantage's decision to write off his car. He said that the car was economically repairable. And that the DVLA marker resulting from the write-off has lowered the value of his car and made it virtually unsellable. Advantage said the cost of repair was above their repair threshold, so their decision to write off the car was correct.

Mr D was also unhappy about the customer service he received during the life of the claim - particularly regarding the provision of a courtesy car, contact with Advantage and the time taken for the claim to be settled.

Advantage said that it'd provided a courtesy car in line with the policy terms and had also extended provision to Mr D as a gesture of goodwill. But Advantage did accept that its customer service had fallen short of expected standards. For delays in the claims process, failures to keep Mr D up to date, and failures to respond to requests for a call back, it paid Mr D a total of £130 compensation.

When Mr D brought his complaint to us, our investigator looked into everything and decided not to uphold Mr D's complaint. He said that the compensation paid for customer service failings was fair. And he thought Advantage had done enough to help Mr D with his requests for a courtesy car. He also checked the trade guides, including the extras on Mr D's car and said that Advantage's valuation was reasonable. And overall, he thought that Advantage's decision to deem the car a total loss was reasonable.

Mr D didn't agree with this outcome and asked for an ombudsman's decision.

I issued my provisional decision on this case on 18 August 2017. In that decision I explained that, based on what I'd seen, I wasn't intending to uphold Mr D's complaint. My provisional findings are summarised below.

***Valuation, the decision to deem the car a total loss and the application of the write off marker***

I explained that valuing cars by using motor trade guides is standard practice in the industry. So our approach in these types of cases is to check the relevant trade guides and consider whether the insurer has made an offer that's in line with them. The guides are based on transaction data – actual selling prices - so give a more realistic indication of a car's value than adverts, which don't account for any negotiations that take place over the sale price. In checking the guides we took account of what Mr D's told us about the specification of his car. The trade guides do factor in specification and extras. But it's worth noting that many additional features don't necessarily add to the market value of a car.

Having looked at the trade guides, I thought the value applied to Mr D's car was within accepted parameters. So I didn't think Advantage was wrong to set the pre-accident value for Mr D's car as it did.

Similarly, when investigating a claim, the insurer will seek expert evidence – an engineer's report – to assess the cost of repairing a car.

I accepted that the pre-accident value of the car and the estimates for the cost of repairs were the subject of negotiation and change during the life of the claim. The final pre-accident value was £2500. And I was aware that Mr D eventually had his car repaired for £2200, which he said included £150 of unrelated works.

I was also aware that the salvage figure of £375 was incorrectly applied to Mr D's claim when Advantage calculated the figure using the wrong pre-accident value category. This was identified after Mr D brought his complaint to us and Advantage refunded Mr D the overcharged amount.

But I concluded that none of this made a difference to the outcome of Mr D's complaint. Because even using all of the figures most favourable to Mr D, I still didn't think the business' decision to write off the car was unreasonable. I said this because, under the policy's terms and conditions, it's for the insurer to decide how to settle the claim. And it's standard industry practice for a decision to repair or write off a car to take account of potentially hidden additional costs and unexpected problems.

Having deemed Mr D's car a total loss, a Cat C marker was applied to the vehicle and the motor insurance anti-fraud and theft register (MIAFTR) was updated. The marker was updated again earlier this year, when the total loss was re-categorised as a Cat D loss following the involvement of our service. The insurer is required to update MIAFTR in line with the industry's codes of practice and regulations requiring notifications to the DVLA.

Mr D said that he's lost out as a consequence of having the marker applied. I appreciated that the presence of a marker on the car's history would have some impact on its value. But as I'd already said I didn't think Advantage did anything wrong in deciding to write off the car, it followed that I didn't think Advantage could be held responsible for any consequences of Mr D's decision to keep his car.

***customer service***

I looked at issues to do with the provision of a courtesy car to Mr D. His policy provided this service for him for the duration of repairs, but not if the car was considered to be a total loss.

I could see that Advantage paid for a courtesy car beyond the total loss classification, as a gesture of goodwill. Mr D was charged for three days' car hire towards the end of the claim. But in the circumstances of his claim, I didn't think that was unreasonable.

Advantage accepted it could have done some things better in terms of keeping in contact with Mr D and keeping him up to date. It paid him £130 compensation for customer service failings. Overall, I thought £130 was in line with the sort of amount I'd expect to see to put those things right. So I didn't think Advantage needed to compensate Mr D further.

I invited Mr D and the insurer to provide anything further they wanted me to consider before reaching my final decision. Advantage confirmed that it had received my provisional decision and had nothing further to add.

Mr D disagreed with my provisional decision and explained why he still feels his complaint should be upheld. I've read and considered what he said in full and have summarised his latest submissions below:

- In relying on guides without reference to the actual vehicle, Advantage undervalued his car
- Advantage wrote off his car too hastily, before he'd agreed to the settlement and negotiated a lower repair cost
- The application of the marker wasn't a legal requirement
- As a consequence of these failings, his car has been devalued and he's lost out financially.

### **my findings**

I've reconsidered all the available evidence and arguments – including Mr D's response to my provisional findings – to decide what's fair and reasonable in the circumstances of this complaint.

I do appreciate that this has been a frustrating experience for Mr D. His most recent comments reiterate much of what he's said previously.

I've previously explained that the use of guides is standard practice in the industry. The guides are based on actual sales data and promote consistency in valuing cars for insurance purposes. Mr D's latest submissions don't change my mind on this point. So I still think that Advantage acted fairly in setting the pre-accident value for Mr D's car as it did.

I've also previously said that I didn't think Advantage acted unreasonably when it decided to write off Mr D's car. The business indicated that the car was likely a total loss relatively early on in the life of the claim. But Mr D wanted to keep his car and was reluctant to accept the insurer's position. But as I've said previously, the insurer didn't need Mr D's 'acceptance' to settle the claim. Under the policy, it had authority to settle a claim in a number of ways, one of which was to write off the car. I appreciate that things have come to light since the claim was settled that alter some of the figures involved. But even if those things had been known or correct at the time, I don't think they would have made a material difference. So I think the business's decision to write off Mr D's car was taken in line with the policy's terms and conditions, after a fair investigation of the claim.

Mr D has further questioned the legal basis of insurers reporting markers to the DVLA. The industry codes of practice are followed by all insurers and are government backed, in that

they are supported by the police and the DVLA. Part of those codes requires the completion of an entry on MIAFTR in respect of all total loss vehicles. This action meets the regulatory requirements for insurers to notify the DVLA under the Road Vehicles (Registration and Licensing) Regulations 2002. So I don't think Advantage did anything wrong in recording the total loss marker for Mr D's car. Indeed, it was required to do so.

Mr D didn't make any further submissions regarding my provisional findings on the customer service part of his complaint. So I see no reason to change my mind on this matter. To reiterate, I thought that the compensation already paid to Mr D for customer service failings was appropriate. So I don't think Advantage needs to do anything further to compensate Mr D.

I know that Mr D feels very strongly about this complaint. And I do understand why my reasoning might not feel fair to Mr D. But to summarise, I don't think Advantage was unreasonable in the way it assessed Mr D's claim. And I think it's done enough to put things right in terms of the poor customer service Mr D received. So overall, I'm not upholding Mr D's complaint or asking Advantage to do anything more.

### **my final decision**

For the reasons set out above, I'm not upholding Mr D's complaint about Advantage Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 20 October 2017.

Jo Chilvers  
**ombudsman**