

complaint

Mrs W complains that Advantage Insurance Company Limited (trading as Hastings Direct) provided poor service to her after she made a claim on her motor insurance policy.

background

Mrs W contacted Advantage on 25 December 2018 after a non-fault accident. In error, the claim wasn't logged, so she had to chase progress. She didn't get a replacement car until 7 January 2019. Advantage asked her to contact the police and a witness to the accident. It didn't tell her she could claim for a damaged child seat. The policy excess was deducted from the total loss settlement. Mrs W felt she was misled about her options, including the one to add another car to the policy. And there was a delay in Advantage paying the claim.

Advantage apologised for its poor service. It said that was partly due to the claim being made during the festive season and to the errors of an 'out of hours' team. It accepted that Mrs W had to call it far more than normal. It paid her £75 compensation. It said the delay with a hire car was due to a credit hire company. It said it had asked Mrs W to contact the police and a witness, to speed the process up. It said the policy wording showed there was child seat replacement cover. And although it said the policy excess was payable, it said Mrs W would get it back if the other driver's insurer accepted liability. It said it was standard practice to charge the full premium after a total loss claim if a car hadn't been added to the policy. But it agreed to pay Mrs W a further £50 for the delay in paying the settlement.

One of our investigators reviewed Mrs W's complaint. He thought Advantage had acted reasonably in relation to most of the issues Mrs W complained about. He accepted that the policy allowed it to deduct the remaining premium from the settlement. But he thought it was applied unfairly in this case. Mrs W wanted the full settlement to assist her in buying a new car - but she also wanted the policy and the direct debit payments for the premium to stay in place. He thought Advantage should offer Mrs W a further £50 (£175 compensation in total).

Mrs W accepted the investigator's view. Advantage said it was right to deduct the remaining premium payments from a settlement if a car wasn't added before it was paid. It didn't accept that Mrs W would have had difficulty in replacing the car if £248 in premium was deducted, as her new car had cost £7,300. But the investigator still thought deducting the premiums was unreasonable. He said it created a barrier to Mrs W adding a car to the policy. He thought Advantage should have paid the full settlement sum, but warned Mrs W that she'd have to pay the rest of the premium if she didn't add a car to the policy.

As there was no agreement, I issued a provisional decision as follows:

Advantage offered Mrs W £75 compensation for the initial poor service and poor communication it accepted had taken place. I think it would have been preferable had an advisor pointed out the cover to replace child seats - although Mrs W's purchase will be refunded, subject to a receipt. The policy makes it clear that the agreed excess is payable on every claim, so I think it was fair for Mrs W to have to pay it. And in my opinion, it wasn't unreasonable to ask her to take the first step in contacting the witness and the police. I think the problem is that these issues weren't explained properly to Mrs W at the time. I think it was natural for her to become confused and to think she was being treated unfairly.

Advantage told Mrs W in January 2019 that it would pay the settlement shortly, but only after deducting the policy excess and the remaining policy premiums. It also said she'd then have

30 days to add a car to the policy. At first, Mrs W believed that was her only option, but she queried it. An advisor then told her she could add a car before the settlement sum was paid and the direct debits would then remain in place. I can see why Mrs W thought this was another example of poor service.

As the process of adding a car wasn't fully explained to Mrs W at the start, I think she was bound to be further upset and confused by what was going on. I think extra confusion was caused after that by some of the correspondence. It states that a deduction from the settlement sum was made for the remaining premium. In fact, when we queried that with Advantage recently, it was able to show that only the policy excess was deducted.

Advantage says that if there's no car to insure, a policy can't continue. And unless a car's added to a policy before the settlement sum is paid, it can't be sure that will happen afterwards. If not – and the remaining premium hasn't been deducted from the settlement sum - it would then have to take steps to pursue it. I think the points Advantage has made on this point are valid, but it doesn't look as though they were explained to Mrs W properly.

In my opinion, there could be circumstances in which it might be unfair to deduct the remaining premium from the settlement sum. Sometimes that may create a barrier to a consumer adding a car to their policy. But it will always depend on the particular facts in each case. I don't think it applies here.

As Mrs W was able to add a car before the settlement sum was paid, the direct debits for the premium remained in place. But had she not done so, her remaining premium was only £248. So I don't think Advantage's intention to deduct the premium from the settlement created a barrier to Mrs W adding a car to the policy. The car was of a much higher value than the settlement sum - let alone the value of the remaining premium.

I think the late payment of the settlement (and the lack of contact around that, which meant Mrs W had to query it) was poor service. Advantage did try to deal with it by offering Mrs W a further £50, so in total it offered her £125 for its poor service and delay.

Looking at the complaint as a whole, I don't think Advantage has offered Mrs W sufficient compensation, and I think it would be reasonable for it to pay her a further £75. In my opinion, the total sum of £200 would better reflect the distress and inconvenience she faced from the start. I think much of it could have been avoided had advisors explained the process to her better, thereby limiting the upset and confusion on her part.

I asked the parties to comment on my provisional findings. Advantage didn't do so. Mrs W said it wouldn't have been her first choice to buy a more expensive car. She said she'd have needed the full settlement - without any deductions - in order to buy a similar car to her old one for cash. She decided the best way forward was to buy a car on finance. Mrs W also said she was happy to accept the decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mrs W accepts that she decided to use finance to buy a more expensive car, and that she wasn't forced to do that. Had both deductions been made, she thinks she would have been

around £300 short of the sum she thinks she would have needed to buy a car similar to her old one. So Mrs W has clarified her previous comments and has explained what her thoughts were at the time, whilst accepting my provisional findings. In the absence of any comment from Advantage, I don't think there's any reason to depart from them.

my final decision

My final decision is that I uphold this complaint in part and require Advantage Insurance Company Limited to pay Mrs W a further £75 (£200 in total) for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 30 April 2020.

Susan Ewins
ombudsman