

## **complaint**

Mr R complained about the settlement figure offered by Advantage Insurance Company Limited ("Advantage") after his car was written off in an accident. He also complained about ownership of the car being transferred before he had accepted the offer. Mr R also complained about a phone conversation with a member of staff at Advantage.

## **background**

Mr R had a car accident in August 2018 and his car was assessed by Advantage as a write-off (total loss). Advantage said the pre-accident market value of Mr R's car was £7,330 and offered him this amount, less the excess, to settle his claim. Mr R disagreed with the valuation. He felt £8,000 was the right amount, as this was the amount he had paid for the car around five months prior to the accident. Advantage appointed an engineer to review the car valuation and Mr R complained that the engineer was rude to him when they spoke by phone. Mr R raised a complaint with Advantage.

Mr R received a letter from the DVLA around two weeks after the accident informing him that the car had been re-registered, as ownership was transferred to Advantage's salvage agent. Mr R was unhappy, as he was considering keeping the car if the claim wasn't settled to his satisfaction. Mr R raised a second complaint with Advantage. The car was disposed of at auction by the salvage agent in August 2018.

Advantage responded to the first complaint in September 2018. It upheld the complaint in part. It agreed the engineer was inappropriate and unprofessional during the phone call and offered compensation of £50. In relation to the car valuation, it said it used three different valuation guides and offered the highest value provided by these to settle the claim. It also said £460 was deducted as the car's mileage was higher than average. Advantage said it had correctly valued the car and wouldn't increase its offer.

On the second complaint about his car being re-registered, Advantage said it was aware Mr R hadn't accepted or declined the suggested claim settlement when this happened. It said the re-registration happened because of human error and this is not the correct process, because Mr R had made a complaint about the valuation of the car. It apologised for any distress or inconvenience caused and offered £200 compensation.

Mr R was unhappy with the response from Advantage and referred this matter to our service.

Our investigator partially upheld the complaint. He didn't think Advantage's valuation was reasonable. He said this service has access to four vehicle valuation guides and decided the correct valuation in this particular case was an average of the four guides. So he said Advantage should increase its settlement offer based on a pre-accident value of £7750.

Our investigator listened to the call between Mr R and the engineer. And he noted Advantage agreed the call could've gone better and had offered £50 compensation. He said, based on the content of the call and what we've awarded in similar cases previously, the compensation was fair and reasonable in the circumstances. Our investigator also said Advantage agreed that having the car re-registered was an error, but he felt the £200 compensation offered by Advantage for this was fair.

Mr R doesn't agree with our investigator's findings. He still thinks the pre-accident value was higher than £7,750 and he doesn't think he should be left out of pocket. He also said the

engineer was rude to him and tried to trick him into accepting a settlement offer. He said he was contending with the injuries from the accident during the course of the claim and this made the situation more stressful. He also said that Advantage re-registering the car was a gross error.

Advantage also didn't agree with the investigator's assessment. It said it has concerns about the fourth valuation guide we've used. So this complaint has come to me for a 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. Having done so, I'm upholding it in part.

Mr R's car was assessed as a total loss. His policy says: "If your car is a total loss...the most your insurer will pay is the market value of your car at the time of loss or damage." And the policy also says trade valuation guides may be used to assess the market value.

It is standard practice for the insurance industry to use trade valuation guides to work out the pre-accident market value of a car. The valuations the guides provide are based on the advertised and likely sales prices of similar cars of similar age and mileage for sale at the time the accident occurred. So I'm satisfied that it's fair in this case to use these guides to establish market value.

I can see that Advantage used three guides to calculate the value of the car. And it said it would only deviate from these guides if the vehicle is especially rare or does not display on these guides. Mr R's car does display on these guides and Advantage took the highest of the three valuations, £7,330 and offered this as a settlement amount to Mr R.

I'm satisfied that Advantage acted in line with the terms of the policy when it used the motor trade guides and when it told Mr R that it would pay the market value of the car at the time of the loss, rather than the amount he had paid for the car five months prior to the accident.

However, I have reviewed the four car valuation guides used by this service, which include the three used by Advantage. And I've taken an average of these to calculate the market value. Having done so, I agree with the valuation of £7,750 arrived at by our investigator. The excess, which is the part of the claim that Mr R must pay, needs to be deducted from this amount.

The reason I think it's fair and reasonable to take into account all four guides is that I think an average of the four guides gives the best indication of the likely pre-accident value of Mr R's car, namely what it would have cost him to replace it with one of a similar make, model and mileage. I appreciate Advantage only had access to three guides, but I have to decide what's fair and reasonable taking into account all the evidence I have. So I can't ignore a guide, just because Advantage didn't use it.

Mr R also complained that Advantage (or its salvage agent) re-registered his car before he had agreed to the settlement. And I agree it shouldn't have done this. Advantage also agrees that it didn't follow the correct process on this occasion and offered Mr R £200 for any distress and inconvenience caused.

I realise this error meant Mr R didn't have the opportunity to have his car returned to him. But, having listened to the phone call between Mr R and the Advantage engineer, I can see

that having the car returned to him was not Mr R's preferred option. So Mr R hasn't been deprived of a course of action that he had hoped to take.

I'm also satisfied that Mr R most likely hasn't been placed at a disadvantage financially as a result of the ownership of his car being transferred. The car had been assessed as being beyond economical repair and the cost of repairing could well have exceeded the pre-accident value of the vehicle. And in order to have the car returned to him, Mr R would've needed to accept the settlement offer made by Advantage, less the excess amount and less the salvage value of the car. So I'm satisfied that Mr R would most likely not have been in a better financial position if he had been able to keep the car.

Having said that, Advantage did make an error and did not act in line with its own processes. And I'm satisfied that the £200 offered to Mr R adequately compensates him for the distress and inconvenience this error caused him.

Mr R complained about the conduct of an Advantage engineer when he spoke to him by phone. He told this service that the engineer was 'unruly'.

I've listened to the relevant phone call and I don't agree that the engineer behaved in an unprofessional way. Mr R said that he feels the engineer being rude is a minor point and that he is more concerned that the engineer's actions delayed his claim. But I don't agree that this is the case. From what I heard, the engineer confirmed he agreed with the first valuation offered by Advantage and explained the rationale behind his decision not to increase the valuation. It's the case that Mr R disagrees with the engineer, but this does not mean that the engineer delayed his claim in any way or was rude.

I can see that Advantage have already offered Mr R £50 compensation for the phone call and I'm not going to suggest any more, as I don't think the engineer's conduct was inappropriate.

Mr R was injured in the accident that led to his claim and said it was very difficult having to deal with the errors made by Advantage while he was unwell. While I appreciate that this must have been a very difficult time for Mr R, I am satisfied that the total amount of compensation offered by Advantage is enough.

**my final decision**

My final decision is that I uphold Mr R's complaint in part.

I can see that Advantage Insurance Company Limited have already paid Mr R the sum of £6,985. I require Advantage Insurance Company Limited to pay Mr R the balance of £420, which is the difference between what has already been paid and £7,750 less the excess amount of £345.

I also require Advantage Insurance Company Limited to pay Mr R the £250 it had offered as compensation for distress and inconvenience caused, if this has not already been paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 26 May 2019.

Martina Ryan  
**ombudsman**