

The complaint

Mr S complains about the actions of Advantage Insurance Company Limited in relation to a claim he made under his motorcycle insurance policy.

Advantage is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As Advantage has accepted it is accountable for the actions of the agents, in my decision, any reference to Advantage includes the actions of the agents.

What happened

A few weeks after purchasing a brand new motorcycle, Mr S was in an accident involving another vehicle. A car hit him from behind and Mr S was taken to hospital in an ambulance.

Mr S says when he informed Advantage of the accident, he wasn't fit enough to take information on board. He says he had to ask the representative to slow her speech several times and was kept on the phone for a long time, despite reminding her of his severe discomfort and lack of concentration.

Mr S says Advantage didn't advise him of the option of making a claim against the other driver's insurance company. It offered Mr S a settlement of £4,000 for his motorcycle, which was rejected by Mr S.

Mr S raised a complaint with Advantage. He said his motorcycle had been taken to be sold at a salvage company without his consent. It had the private number plate that had cost him £250 on it.

He was unhappy with Advantage's settlement offer, which he said had been based on an ex-demonstration model offered for sale and a car price guidebook. Advantage had sent him a cheque for £4,000 despite him rejecting the offer, so he'd accepted it as an interim payment.

Mr S said he was at a loss of £650 for the motorcycle and £250 for the number plate. In addition to this he had a damaged new crash helmet and had incurred costs of taxi fares and telephone calls.

Advantage said it had based the settlement on the market value of the motorcycle. It would usually use three separate guides, but due to the specialist nature of Mr S's motorcycle, only one guide was able to offer a value, which was £3,463. It said it had taken into account the fact that the motorcycle was recently purchased and valued it at £4,000 which was well above the maximum guide figure.

Advantage said it had listened to the call in which Mr S's claim was registered and didn't feel that the service was poor. It said cheques are only ever issued on an interim basis and it would have issued a separate payment if it was looking to increase the valuation.

Advantage said the costs Mr S had incurred as a result of the claim, taxi fares, his motorcycle helmet and changing his personal number plate would be considered uninsured losses and weren't covered under his policy. It said Mr S might be able to claim these costs

back from the third-party insurer. It said it wouldn't have informed him he could claim through the third-party insurer unless he'd specifically enquired about it.

Advantage agreed it could have done more to keep Mr S up to date and explain the claims procedures to him. It apologised for not informing him that his motorcycle had not been collected by its salvage company and for not responding to an email he'd sent. It paid him £75 compensation for the service he'd received.

Mr S remained unhappy and asked our service to look into his complaint. He had been able to claim some of his costs from the third-party insurer after taking court action. He said it would have been simpler if Advantage had advised him to make the whole claim against the third-party insurer, instead of two separate claims. The third-party insurer ignored two registered letters until court proceedings were issued against their client.

Mr S was unhappy that Advantage had only paid him £4,000 for the motorcycle he'd paid £4,650 for. He said he couldn't reclaim five months remaining tax on the motorcycle because Advantage had removed it without his knowledge, and he didn't get the logbook. He said Advantage had cancelled his insurance after he'd asked it not to and had made a small refund.

Mr S said he should be reimbursed for the loss of £650 and compensated for all the upset and work involved in making a claim.

Our investigator looked into Mr S's concerns, but she didn't think his complaint should be upheld. She was satisfied that Advantage had dealt with Mr S's claim correctly and the settlement it had paid him was fair. The investigator said she couldn't look into the concerns Mr S had raised regarding the cancellation of his policy as this wasn't part of the complaint he'd brought to Advantage.

Mr S disagreed with our investigator's outcome. He didn't think it was fair that he was offered an amount for the motorcycle that would not replace what he'd lost, when it had been destroyed three weeks after he'd bought it through no fault of his own. He said he'd been worried about the requirement to report the accident within 24 hours. His head injury meant he wasn't thinking straight during the telephone conversation, and he felt he should have been asked to ring back after five days. So, the complaint has been passed to me to decide.

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've decided not to uphold Mr S's complaint. I'll explain why.

I've considered everything Mr S has told our service, but I'll be keeping my findings to what I believe to be the crux of his complaint. I wish to reassure Mr S I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

Claim settlement

The policy terms set out how Advantage settles claims:

“For loss of or damage to your motorcycle your insurer will either:

- *pay for any necessary repairs;*
- *pay the market value of your motorcycle immediately before the loss (this is not necessarily the value you declared when the insurance was taken out)."*

The key facts section of the policy booklet also says that damage to the motorcycle will be paid up to its market value. So, I'm satisfied this term was sufficiently highlighted to Mr S.

"Market Value" is defined as: "The cost of replacing your motorcycle in the United Kingdom at the time the loss or damage occurred with one of a similar, make, model, age and condition. Publications may be used which refer to vehicle values such as Glass's Guide to assess the market value, with an allowance being made for the mileage, condition and circumstances of purchase by you."

Advantage has provided us with a screenshot of the trade guide which shows a retail transacted price of £3,463.

I think it's reasonable for the market value to be assessed as the retail price Mr S would have to pay for a comparable vehicle at a reputable dealer. The fairest way of doing this is by using the standard industry guides. These are based on extensive national research of likely selling prices. They can provide valuations based on the make, model, age, condition and specification of a vehicle.

Advantage says only one trade guide provided a value for Mr S's motorcycle. It's provided an advert for a motorcycle of the same make, cc and year as Mr S's, with an advertised price of £3,994. Mr S has commented that this was a poor comparison to his own vehicle as it was an ex-demonstration motorcycle in a different colour. He says his own motorcycle was in pristine condition and only driven by himself. However, the advertised price of a vehicle is often higher than the market value because a dealer will build in a margin for negotiation. The settlement Advantage paid Mr S is above the advertised price of the motorcycle in the advert. It's also well above the trade guide price. So, Mr S's comments about the differences in the two vehicles haven't persuaded me that Advantage's settlement offer was unfair.

I appreciate it's upsetting for Mr S to have been paid a settlement which was £650 below what he'd paid for the motorcycle only a few weeks before the accident. I can understand why he feels he's lost out, particularly as the accident wasn't his fault. However, the terms of the policy only required Advantage to pay Mr S the market value of his vehicle, not the price he'd paid for it. Based on what I've seen, I'm satisfied that the settlement Advantage made Mr S was reasonable and in line with the policy's terms and conditions.

Customer service

Mr S has raised concerns about the service he received when he called to notify Advantage of his accident. I appreciate Mr S was still suffering from the affects of the accident when he spoke to Advantage. However, I've listened to the call, and I haven't found reason to uphold this part of Mr S's complaint.

The representative asked Mr S if he was alright and if he was okay to register his claim at the beginning of the call. Mr S said he was and asked the representative to speak slowly. Mr S seemed coherent and spoke articulately throughout the call, so I don't think the representative would have had any reason to think he didn't understand what was being said. The representative apologised for the call taking up so much time and Mr S mentioned feeling tired. However, the call ended just after that.

The option of Mr S bringing a claim directly to the third-party insurer was discussed during the call. The representative gave him the name of the third-party insurer and their contact details. It was agreed that Mr S would decide what he wanted to do later on.

Mr S has also complained that Advantage moved the motorcycle to a salvage company to be sold without his knowledge. I haven't seen anything to suggest that Mr S told Advantage he wanted to retain the vehicle after it was declared a total loss. Advantage says it advised Mr S of what it needed to do to arrange the transfer of his cherished number plates and Mr S has confirmed he now has these. Advantage acknowledged that it didn't advise Mr S that his motorcycle had been collected by its salvage company in its response to his complaint. Part of the £75 compensation it paid him appears to be in recognition of this. I think this is reasonable.

I know my answer will be disappointing for Mr S, but overall, I think Advantage has acted fairly and reasonably, in line with the policy's terms and conditions. So, I don't require it to do anything further.

My final decision

For the reasons I've explained, I don't uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 July 2023.

Anne Muscroft
Ombudsman