

The complaint

Miss C complains about Advantage Insurance Company Limited's (Advantage) handling of her claim, following the theft of a catalytic convertor from her car, under her motor insurance policy.

What happened

In August 2022 Miss C's catalytic convertor was stolen from her car, whilst she was at work. There was a delay in the car being collected from the car park it had been left in. It was a further four days before a courtesy car was provided. Miss C says this caused her inconvenience and was stressful.

At the end of September 2022 Miss C's car was returned to her. But the car didn't run normally, and an engine warning light was showing. She returned it to Advantage's appointed repairer and was told it was "running okay". The following day it broke down. Miss C took it to another garage. It found the replacement catalytic convertor wasn't a genuine part, which was causing the problem.

Miss C told Advantage there was damage to the body of the car that hadn't been repaired. It agreed to consider this. Miss C was then contacted on 4 January 2023 to advise her that her car was a total loss. She was surprised by this and complained. She says Advantage should reimburse her insurance premium, her policy excess fee, the cost of repairs she'd paid, and the loss of income she'd suffered. She also says that Advantage should've pursued the party that damaged her car to pay for the claim.

In its final complaint response dated 13 January 2023 Advantage says Miss C's vehicle wasn't inspected properly in August 2022. It says the car would've been deemed uneconomical to repair if all the damage had been identified. It offered £100 compensation for the stress and inconvenience caused.

Miss C didn't think this was fair and referred her complaint to our service. Advantage then told us it wanted to change its response. It offered to refund what Miss C paid to repair her car. This was £264.41, plus £50 for a new tyre if she could evidence this. It says it paid Miss C £315 in total for the trouble and upset it caused her, which it thought was fair.

Advantage says the policy excess is payable by Miss C under her policy terms and conditions. It says she could've mitigated her loss of earnings, which occurred after its total loss decision. At this point there was no requirement to provide a courtesy car. Although it confirms that a car was provided as a goodwill gesture. Advantage didn't agree to refund Miss C's insurance premium. It says this needed to be paid regardless.

Our investigator upheld Miss C's complaint. He says Advantage should reimburse Miss C for the work she paid for and pay 8% interest. He thought £315 was fair compensation for the distress and inconvenience Miss C was caused. He didn't think Advantage needed to refund the policy excess or the cost of Miss C's premiums.

Miss C disagreed and asked for an ombudsman to consider her complaint.

It has been passed to me to decide.

I issued a provisional decision in December 2024 explaining that I was intending to uphold Miss C's complaint. Here's what I said:

provisional 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, my intention is to uphold Miss C's complaint. Let me explain.

When Miss C reported the theft to Advantage she says its agent told her a recovery truck would collect her car within a few hours. This didn't happen. She says a recovery driver was eventually scheduled to arrive at 10pm. This was nine hours after the theft. Miss C says when he arrived he couldn't take her car to the storage facility. This is because he was about to finish his shift, and the storage facility was too far away. She says her car was eventually collected the following afternoon.

I can understand why Miss C was frustrated by the delay in collecting her vehicle. She left the car keys with the security guards at the car park. Because of the time taken, the personnel changed several times. This created difficulties for Miss C to ensure the keys would be available for the recovery driver.

Miss C says she wasn't provided with a courtesy car until four days after making her claim. I can see from the claim records that she spoke to Advantage's agents about this on several occasions. The records say the repairer it appointed didn't have a car available for two weeks. However, Advantage was able to organise a rental car on 23 August 2022. Miss C confirms this was provided the following day. But the delay caused her inconvenience.

Towards the end of September 2022 Miss C's car was returned. But damage to the bodywork caused during the theft, or whilst the car was under Advantage's care, hadn't been repaired. Miss C also experienced problems with her car "running sluggishly" after it had been returned to her. This was the result of a non-genuine part that was used by Advantage's repairer.

I note the business has now agreed to pay for the repairs Miss C arranged.

In its submissions to our service Advantage concedes that it took too long to assess the outstanding repairs and determine the catalytic convertor needed replacing with a genuine part. I've seen the report it obtained from its engineer. This says:

"the damages noted are a mix of un repaired reported damages and new damages while the vehicle was away for collection, storage and repair."

The report provides a valuation for Miss C's car at £3,000. It says she had rejected this and it had increased its valuation to £4,000. The cost of repairs came to £3,132.53, which is approaching 80% of its estimated market value. The point where an insurer considers a vehicle to be uneconomical to repair varies. But typically, this will be where the cost of repairs is anything from 60% to 70% of the cars value. Based on the costings provided I don't think Advantage's decision to treat the car as a total loss was unreasonable.

I note Advantage says its final complaint response wrongly stated Miss C's vehicle should've been a total loss to begin with. But it acknowledges four months was too long to decide how

to proceed.

Having thought about this evidence, it isn't clear to me why Miss C's car wasn't considered a total loss when it was first assessed. I asked Advantage to explain further and also explain why its complaint response was wrong on this point.

Advantage responded to say that if its initial estimate had included all body repairs and a genuine replacement catalytic convertor from the beginning, Miss C's car would've been a total loss. But it says its repairer didn't know the non-genuine part would cause issues until this later came to light. It says non-genuine parts can be used in repairs. This is why it thought the car was initially repairable, given the cost difference between the genuine and non-genuine parts.

I've thought carefully about Advantage's comments.

It's been shown the non-genuine part shouldn't have been used in the repairs. This caused a delay in the total loss decision and could've been avoided. Had a genuine part been used, as was required to complete an effective repair, the car would've been categorised as a total loss from the outset.

I think it's fair that Advantage refunds Miss C with the cost of the repairs she paid for, including the tyre, plus interest. She shouldn't have had to arrange for this work had the original repairs been completed correctly and in full. Had the full repair cost been identified initially the car would've been written-off so none of this would've happened.

Miss C says she had to cancel three work shifts in January 2023 as she was told she'd have to return the hire car. She says she was eventually allowed to keep the hire vehicle, but she wasn't told this initially, which is why she cancelled her shifts.

Advantage told Miss C on 4 January 2023 that her car was a total loss. I note her policy terms confirm she isn't eligible for a replacement car in the event her car is considered a total loss. The records show Miss C asked for clarification about the total loss decision. Advantage agreed to query this with its in-house engineer. This took some time to resolve. However, Miss C was provided with a car whilst this was being queried.

I've thought about Miss C's comments that she lost out on work shifts in January 2023. However, as discussed, her policy doesn't provide for a replacement car in the event her car is considered a total loss. I think it's reasonable that Advantage provided her with the use of a car for a period that extended beyond its total loss decision. But this isn't something it was required to do.

As it was, Miss C did have use of a car. But this wasn't communicated prior to her cancelling her shifts. That said, I think she could've used other forms of transport such as a taxi or public transport to mitigate the loss of income. She could've then asked Advantage to consider these costs as part of her claim.

I've thought about Miss C's view that Advantage should've pursued the third party involved in the theft to recover the cost of the claim. She says the CCTV footage captured the registration of the vehicle that was used.

I can understand why Miss C expected Advantage to pursue those responsible for the theft. But in these circumstances even if an insurance policy is in place for the vehicle used by the thieves, no insurer will indemnify someone who commits a criminal act. So, I don't think Advantage behaved unfairly when not pursuing this further.

Having considered all of this, I think Advantage handled Miss C's claim poorly. There was a delay in collecting her car, and she had to make multiple calls and wait four days for a courtesy car to be provided. When her car was returned to her, the repairs were defective and not all the repairs had been completed. Miss C had to visit an independent garage to arrange further repairs. It took several months to then determine the car was a total loss. This caused Miss C inconvenience and distress. This was made worse as members of her family were ill during this period. I think these issues could largely have been avoided had the full extent of the damage and cost of repairs been correctly identified at the outset. This would've meant determining the car was a total loss far sooner.

Advantage offered £315 over several smaller payments to compensate for its poor service. In these circumstances, given the impact all of this had on Miss C, I think a higher compensation payment is appropriate. A total payment for £500 is fair along with a refund of the costs Miss C incurred for the repairs, and tyre, plus 8% interest.

I said I was intending to uphold this complaint and Advantage should pay Miss C £500 and refund the cost of repairs plus 8% interest.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Advantage didn't respond with any further information or comments for me to consider.

Miss C responded to say her major concern is that a genuine catalytic convertor wasn't used in the repairs Advantage arranged. She says she was told genuine parts would be used. Had the correct information been provided Miss C says she would've arranged the repairs herself.

Miss C says that from February 2023 until December she was without a car. This has caused her a great deal of stress and had a negative impact on her mental health. Miss C says that because of a health condition she was diagnosed with some time ago, it wouldn't be possible for her to have considered a second-hand replacement vehicle.

Miss C says she spent over three hours queuing on the phone to establish if she would be reimbursed for her travel costs. She says these calls were made at the beginning of February 2023. She says she forwarded receipts in February and chased a response in April and June. To date she says she has yet to receive a response from Advantage.

In her response Miss C says she disagrees with Advantage's comments that its repairer didn't know using non-genuine parts would be an issue until this came to light later on. She reiterates that she was told genuine parts would be used in the repairs.

Miss C says the amount Advantage paid in compensation was for various issues. But she doesn't think this adequately compensates for the impact its poor claim handling had on her.

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'm not persuaded to change the outcome set out in my provisional decision. I'm sorry to disappoint Miss C, but I'll explain why I think my decision is fair.

I agree with what Miss C says about the non-genuine part that was used. It's clear this caused problems and shouldn't have been incorporated in the repair. Had the correct part

been factored into the repair costs from the start, along with the rest of the damage, the decision would've been to write the car off. It's for this reason that I said Advantage should reimburse Miss C with the cost of the repairs she paid for, plus interest. In addition to an increased compensation payment for the distress and inconvenience this caused her.

I acknowledge what Miss C says about being without a car from February 2023 up to December. And that she contacted Advantage in February to request reimbursement of her travel costs. However, Advantage responded to her complaint on 13 January 2023. The issues Miss C describes here occurred after the business provided its final complaint response.

What I'm able to consider in my decision is set out by the Financial Conduct Authority in its dispute resolution or DISP rules. This essentially says that the business must have the opportunity to respond to a complaint before our service can become involved. The final complaint response Advantage sent to Miss C acts as the cut-off date. So, I'm not able to consider her concerns about the issues raised in February 2023 onwards. She will need to raise these issues separately if she hasn't already.

I'm sorry for the distress Miss C has felt as a result of her claim with Advantage. But I think my decision is fair and the compensation I set out is in line with awards our service considers appropriate in these circumstances.

My final decision

My final decision is that I uphold this complaint. Advantage Insurance Company Limited should:

- pay Miss C £500 compensation in total for the distress and inconvenience it caused her; and
- reimburse Miss C for the repair costs she paid herself, in addition to 8% simple interest from the date payment was made until a refund is provided.

*If Advantage considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss C how much it's taken off. It should also give Miss C a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 11 March 2024.

Mike Waldron
Ombudsman