

## The complaint

Mr W complains Advantage Insurance Company Limited (Advantage) unfairly settled his claim after his car was classed as a total loss.

Advantage are the underwriters of this policy i.e. the insurer. Part of this complaint concerns the actions of the intermediary. As Advantage have accepted it is accountable for the actions of the intermediary, in my decision, any reference to Advantage includes the actions of the intermediary.

## What happened

Mr W made a claim on his motor insurance policy after his car was damaged in an incident.

Advantage inspected the car and it was deemed beyond economical repair and therefore was classed as a total loss. Advantage made Mr W a settlement offer of £3,342 which was increased to £3,595.

Mr W was not happy with the settlement amount. He said his research showed the car was worth more than Advantage's offer.

Because Mr W was not happy with Advantage, he brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and said based on the trade guides the offer seemed fair and reasonable. But after also considering the adverts provided by Advantage of similar cars for sale it should increase its settlement offer to £4,500. They said 8% simple interest should also be added from 8 December 2023 to the date of final settlement.

As Mr W is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

## 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.

In this case I have considered whether Advantage acted fairly and reasonably in reaching its decision as to the level of settlement offered to Mr W following the write-off of his car.

My role is not to provide an exact valuation but to make a judgment as to whether the offer of settlement is fair.

I firstly looked at the details within Mr W's motor insurance policy with Advantage. In the policy booklet it says;

*"Market Value*

*The cost of replacing your car in the United Kingdom at the time the loss or damage occurred with one of the same make, model, age and condition. This may not necessarily be*

*the value you declared when the insurance was taken out. Your insurer may use publications such as xxxxx guide to assess the market value and will make any necessary allowances for the mileage and condition of your car and the circumstances in which you bought it."*

I understand Mr W thinks the valuation should be between £5,000 and £6,000.

Although this service doesn't value vehicles, we do check that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. We use trade guides to do this, and they're based on nationwide research of likely selling prices and take the car's specifications, mileage etc into account.

This service doesn't consider the question of market value to be an exact science, however our general approach is that the valuations given in the main motor trade guides provide the most persuasive and consistent evidence. These guides are based on extensive nationwide research of likely (but not actual) selling prices.

I looked at the information Advantage used when calculating the market value for Mr W's car. I saw it obtained valuations from three of the main trade guides. Advantage also supplied copies of two adverts of cars for sale at the time of loss and these were for £4,500 and £4,490. In this case Advantage offered £3,595 which was the highest of the trade guides.

I looked at the valuations our investigator obtained. They used three of the main trade guides. The highest of these valuations was £3,407 and the lowest was £3,140.

I saw Mr W submitted car adverts to Advantage in December 2023 which ranged in value from £4,995 to £6,250. However I do not think it fair to consider these as similar cars as although similar models were included, they were much newer cars.

Prices of used cars can change on a regular basis. This could be an increase or decrease. This is the reason why we take the approach that if Advantage can demonstrate, that it used a fair process to value the car then we wouldn't interfere with the offer it has made.

Although the offer from Advantage was that of the highest trade valuation, it also submitted adverts which showed similar cars for sale at a much higher price. Therefore I am persuaded, on this occasion, its offer of £3,595 is not fair. A fair market value settlement offer should be nearer the advertised sales prices, allowing Mr W to replace his car with one of a similar make, model and specification.

In response to our investigators view Advantage said it was in agreement with the findings to settle at £4,500 and would be happy to settle on the suggested terms to avoid the need for the case to be prolonged any further.

Therefore, I uphold Mr W's complaint and require Advantage to increase its settlement offer to £4,500 as this is more likely reflective of a fair market value at the date of loss. It should also add 8% simple interest from the date the initial settlement amount was paid to the date of final settlement.

### **My final decision**

For the reasons I have given I uphold this complaint.

I require Advantage Insurance Company Limited to pay Mr W a total of £4,500 as a fair market value settlement for his car. It should also add 8% simple interest from the date the initial settlement amount was paid to the date of final settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 26 June 2024.

Sally-Ann Harding  
**Ombudsman**