

The complaint

Mrs and Mr W complain that Advantage Insurance Company Limited has treated them unfairly when handling a claim made on their motor insurance policy.

What happened

Mrs and Mr W notified Advantage Insurance that Mrs W had been involved in an accident with another vehicle on 21 September 2023. During the claims process, Mrs and Mr W say they were provided with conflicting information on the status of their vehicle and whether the damage could be repaired or not.

In October 2023, Advantage Insurance said it believed the vehicle should be classed as a total loss. It initially offered Mrs and Mr W £7046 and this offer was later increased to £8,605 in settlement of the claim. Mrs and Mr W complained about this settlement offer and the service they'd received during the claim.

On 5 December 2023, Advantage Insurance responded to the complaint and said it was upholding this. It explained Mrs and Mr W's vehicle would be safeguarded from being sold as they indicated they were considering retaining it and this was offered as something it was doing to put things right. It also said it didn't think the service provided had been at the level it was fair to expect and to recognise this, it made an offer of £200 which it said would be sent via cheque.

However, Advantage Insurance said it believed the offer it had made for the value of Mrs and Mr W's vehicle was fair. It said it had based this on this Services approach to motor valuations and it didn't think this needed to be increased.

Mrs and Mr W brought their complaint to this Service and our investigator considered their complaint. While this was being investigated, Mrs and Mr W were notified their vehicle had not been safeguarded from sale and had in fact been sold without their agreement. A new complaint about this was raised which has been looked at separately.

When considering this complaint, our investigator didn't think Advantage Insurance had fairly valued Mrs and Mr W's vehicle. She didn't agree that the price sought by Mrs and Mr W was correct, but she felt the valuation should be increased by £1009, taking this to a total of £9614. This was based on her assessment of the motor trade guides this Service uses when determining values for total loss claims.

She also felt the poor service had not been correctly recognised and this has impacted Mrs and Mr W. Both have said they are suffering from anxiety as a result of the delays and errors made with the claim handling which requires prescribed medication. She felt this demonstrated that the claim had had a significant impact on their health and this was added to with the handling of the claim. As a result she said a further award of £200 should be made taking the total payment for distress and inconvenience to £400.

Advantage Insurance has not provided a response to the view despite multiple chasers and requests for comment.

Mrs and Mr W responded to say they did not accept. They felt the valuation of their vehicle is still significantly below where it should be. They feel more weight should be placed on the additional extra's that their vehicle had and they do not feel they are able to purchase a like for like replacement based on the valuation provided. And the car should never have been written off in the first place based on the value and cost of repairs.

Mrs and Mr W also said they feel Advantage Insurance should cover the cost of their medication for a year at least and the award for distress and inconvenience should be in addition to this. As a result they asked that the complaint be referred for decision.

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.

I've decided to uphold this complaint, for broadly the same reasons as our investigator. I appreciate Mrs and Mr W will be disappointed by this, but I'll explain why I've reached this decision.

I think it is important to be clear from the start what this complaint and outcome is focused on. Other issues have been raised with Advantage Insurance via this Service while this complaint has been with us. These have been looked at under a separate reference and I'll be considering this linked complaint.

When looking at this complaint, my focus is on the actions of Advantage Insurance and their response up until the final response of 5 December 2023 and whether it has treated Mrs and Mr W fairly to this point. I appreciate the distress of this matter has continued and there is a significant cross over for Mrs and Mr W which is understandable. But as there is a separate complaint for the later events complained about, they will be addressed in their own right.

Mrs and Mr W's policy sets out that if deemed a total loss, Advantage Insurance will pay the market value of their vehicle at the time of loss. I appreciate Mrs and Mr W feel their car should never have been classed as total loss, but this was done on the recommendation of engineer's reports. When they felt the repair costs outweighed the benefit, even by a small margin, Advantage Insurance was able to decide whether to write the car off or repair it. The margin and approach taken here is in line with industry standards and while I understand this would have been different if the value differed, it doesn't mean the approach taken at the time was wrong. So I don't think it would be fair to say the decision to deem the car a total loss was unfair.

However, based on the information provided, I don't think the valuation offered by Advantage Insurance was the fair market value at the time.

I appreciate Mrs and Mr W remain unhappy with the value of their vehicle and how far this is from where they feel it should be. Our Service does not value vehicles and this is not our role. Instead we check to see whether the insurer's valuation is fair and reasonable. We have an established and defined approach to this with more information available on our web site. Ultimately, we take guidance from motor trade valuation guides when determining the fair market value of a vehicle. These can be relied on as being persuasive as they're based on nationwide research of sales prices.

The four motor trade guides we used valued Mrs and Mr W's car at, £7925, £8140, £9614 and £9306. The highest of these valuations was provided by Auto Trader.

I know Mrs and Mr W have provided a number of adverts for cars which they feel are similar

but of a lower specification to that of their previous car. And some of these adverts are in excess of this highest trade guide price. But I don't think it is fair to say these demonstrate the valuation recommended by our investigator is unfair or out of line with the market value. Advertised prices are subject to negotiation and the guides are based on sale data.

A bespoke valuation was carried out making specific allowance for the additional extra's that Mrs and Mr W say have added value now, but this didn't result in an increase in the highest trade guide value.

Although I cannot agree with the value Mrs and Mr W have said is fair for their vehicle, I don't think Advantage Insurance has treated them fairly with the valuation offered. And based on the trade guides, I think it is fair to ask Advantage Insurance to pay Mrs and Mr W £9614 for their vehicle, less any applicable excesses.

The handling of this claim has not been great by Advantage Insurance with issues from the start. There is always a level of distress and inconvenience expected when a claim is made and this is unavoidable. But the service and information provided should be consistent and fair to allow customers to know what is happening.

Here Advantage Insurance provided different information at different points and it is understandable why Mrs and Mr W have been distressed by the claim handling and uncertainty of their vehicle valuation.

As Advantage Insurance has not provided anything in response to our investigators view, I see no reason not to ask it to increase the award for the impact of its claim handling to £400 in total. I know Mrs and Mrs W feel this should be increased further to include the cost of their ongoing medication, but I don't think it is fair to say this is a guaranteed ongoing cost, or that it can be demonstrated that Advantage Insurance is the sole reason for this. But I accept that this claim has had a significant impact on Mrs and Mr W and it is right this is recognised with the award for this.

Putting things right

To put things right, Advantage Insurance needs to do the following:

- Pay Mrs and Mr W the market value for their car at £9614 in total.
- This is an increase of £1009 and as the previous payment has been made, it need now only pay this additional amount.
- If applicable, policy excess can be deducted.
- It should include 8% simple interest on the additional £1009 payment, to be paid from the date of the previous settlement offer until this payment is made.
- It should pay an additional £200 for the impact of its claim handling and the distress this has caused Mrs and Mr W.

My final decision

For the reasons I've explained above, I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 28 August 2024.

Thomas Brissenden
Ombudsman