

The complaint

Mrs S complains about Advantage Insurance Company Limited (“AIC”) and their valuation of her car after it was deemed a total loss.

Mrs S has been represented by her husband, Mr S, on occasion throughout the complaint process. For ease of reference, I will refer to any actions taken, and comments made by either Mrs S or Mr S as “Mrs S” throughout the decision.

What happened

The claim and complaint circumstances are well known to both parties, so I don’t intend to list them chronologically in detail. But to summarise, Mrs S held a motor insurance policy underwritten by AIC when her car was damaged and required repairs. So, she contacted AIC to make a claim.

Mrs S’ car was inspected and deemed a total loss, due to the costs of the repairs needed. So, AIC offered Mrs S a total pre-accident valuation (“PAV”) payment of £12,140. But Mrs S was unhappy with this offer, believing a fairer PAV payment, that allowed her to reasonably replace her car, to be around £15,000. So, she raised a complaint.

AIC responded to Mrs S’ complaint and didn’t uphold it. They thought they had acted fairly, in line with the policy terms and conditions and standard industry process, when offering Mrs S a PAV payment based on the highest trade guide valuation they had obtained. So, they didn’t think they needed to do anything more. Mrs S remained unhappy with this response, so she referred her complaint to us.

Our investigator looked into the complaint and didn’t uphold it. They explained they had obtained four trade guide valuations and found £12,140 to be the highest. So, they thought AIC had acted fairly, and how our service would expect, when offering Mrs S the PAV payment they had and they didn’t think AIC needed to do anything more.

Mrs S didn’t agree, reiterating her belief that her car was worth more, referring to the features and extra’s her car contained as well as retail adverts she’d found for potential replacements. Mrs S also referred to used car prices and how they had continued to increase, meaning she felt she was unable to replace her car like for like, which she felt her policy should allow her to do. Our investigator considered Mrs S’ comments, but their opinion remained unchanged. Mrs S continued to disagree and so, the complaint has been passed to me for a 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.

Having done so, I’m not upholding the complaint for broadly the same reasons as the investigator. I’ve focused my comments on what I think is relevant. If I haven’t commented on any specific point, it’s because I don’t believe it’s affected what I think is the right

outcome.

First, I want to recognise the impact this complaint has had on Mrs S. I appreciate Mrs S feels she's been left with a PAV payment that doesn't allow her to replace her car with another she feels is of a similar standard. And as Mrs S feels that it was her policy was designed to provide, I can understand why she feels unfairly treated and why she's felt the need to complain.

But for me to say AIC should do something differently, for example increase the PAV payment put forward to Mrs S, I first need to be satisfied they've done something wrong. So, I'd need to be satisfied AIC acted outside of the terms and conditions of the policy they provided when making the PAV payment offer to Mrs S. Or, if I think they did act within these, I'd need to be satisfied AIC have acted unfairly in some other way. In this situation, I don't think that's the case. And I'll explain why.

But before doing so, I think it would be useful for me to set out our service's approach and expectations towards the valuation of vehicles. And I want to make it clear this mirrors standard industry approach, which is approved by the industry regulator, the Financial Conduct Authority.

In order to ensure fairness to any customer of any business receiving a valuation for their vehicle, ours and standard industry approach expects the market valuation to be calculated using the four recognised trade guides. These trade guides are based on nationwide information of actual selling prices of car and are continually updated.

And our approach has recently updated to expect a business such as AIC to pay the highest valuation provided by these guides unless there is persuasive evidence to show why the highest valuation shouldn't be used. So, when deciding this complaint, I've thought about whether AIC have acted in line with these expectations.

I've seen valuation produced by the four recognised trade guides. And the highest valuation provided was £12,140, with the other three producing valuations below this amount. And this is the amount AIC have offer Mrs S for her car.

So, as AIC aren't trying to offer a lower amount, and have instead offered the highest valuation obtained from the trade guides, I'm satisfied they've acted fairly, and in line with what our service would expect here.

And I'm also satisfied this payment falls in line with the policy terms and conditions, which explain AIC will only ever pay the market value for the car at the time of the accident. And this is exactly the information the trade guide's supply. So, because of this, I'm satisfied AIC have acted fairly, and in line with the policy terms, when offering Mrs S the PAV payment they have.

I understand this isn't the outcome Mrs S was hoping for. And I want to reassure Mrs S I've considered all of the comments she's put forward, as well as the information she's supplied such as the example car advertisements.

But while I appreciate used car prices may be increasing, the market value of Mrs S' car would only ever be based on it's value at the time of the incident. So, a market value paid through her policy is not designed to reflect any increases in used car prices.

And while I appreciate the cars Mrs S would like to purchase appear to be advertised for more than she's been offered by AIC, I must also take into consideration the adverts show cars that a newer, with less mileage. So, should AIC pay Mrs S a PAV payment based on

these advertisements, they would be placing Mrs S in a position of betterment with a newer car with less mileage and again, this isn't something the insurance policy is designed to do.

Finally, I have also thought about Mrs S' comments regarding the features and extras on her car. But trade guides are designed to consider the factory fitted features. And I've seen no evidence to show that there were any extras on Mrs S car that increased its valuation. I note she had the sunroof, and her comments surrounding this, but I've seen the sunroof was noted in AIC's valuations they obtained, and it didn't add any value to Mrs S car.

So, because of the above, I don't think AIC need to do anything more on this occasion.

My final decision

For the reasons outlined above, I don't uphold Mrs S' complaint about Advantage Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 6 August 2024.

Josh Haskey
Ombudsman