

The complaint

Mr J complains about how Advantage Insurance Company Limited handled a claim on his motor insurance policy.

What happened

Mr J was involved in an incident and Advantage took his car for repairs. It couldn't complete these due to the lack of a part and so it deemed the car to be a total loss. Mr J was unhappy with this, but he accepted a cash in lieu of repairs settlement. Mr J was then unhappy as he said he was told he wouldn't have to pay his policy excess if he accepted cash in lieu of repairs. He said the car was returned to him with further damage. And he was unhappy that it took Advantage so long to deem his car to be a total loss.

Our Investigator recommended that the complaint should be upheld in part. She thought the policy excess would always have to be paid. She didn't see evidence that Advantage had further damaged Mr J's car. But she thought Advantage took too long before it declared the car to be total loss and she thought it should pay Mr J £150 compensation for this.

Mr J replied that he accepted this. But Advantage replied that it hadn't caused any avoidable delays. Advantage said Mr J's car had been driveable and repairable after the incident. When it was taken for repairs, it was found that one part was unobtainable. So it said it promptly declared the car to be a constructive total loss. It said Mr J didn't accept its decision for a month. Advantage asked for an Ombudsman's review, so the complaint has come to me for a final 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.

Mr J said his car was now being repaired. And I can understand that he has found the claims process frustrating and stressful. Advantage has a responsibility to deal with claims fairly and promptly.

Mr J has accepted the Investigator's view that Advantage wasn't responsible for the further damage to his car and that his policy excess would always be payable. I'm satisfied that she was correct for the same reasons as stated above. So I'll not consider those concerns further here.

What remains for me to consider is whether Advantage caused any avoidable delays in the claim and what impact this may have had on Mr J. So I've looked at the timeline of events provided by Mr J and Advantage.

Mr J made a claim on 22 October 2022. His car was drivable and so Mr J was kept mobile whilst Advantage located an approved repairer. I can see that Advantage warned Mr J that the global parts shortage would mean that it would take longer to repair his car. And Advantage explained that it was prioritising non-drivable cars. So I think Advantage reasonably managed Mr J's expectations at the start of the claim.

Mr J said Advantage took the car for repairs on 7 January 2023. Advantage said it took the car on 20 January 2023. But it also told us this was the date the repairers ordered the needed part and when it found that the part wasn't available.

Advantage later said Mr J deferred the repairs until 12 February 2023. But I haven't seen evidence to support this and so I'll rely on Mr J's statement to us. From what I can see, Mr J was provided with a courtesy car whilst his car was at the repairers, so he was kept mobile.

Mr J said he contacted the repairer six weeks later for an update. He said the repairer told him that it couldn't obtain one part and it was discussing options with Advantage. Advantage told us that the repairer knew the part wasn't available on 20 January 2023. And I think discussions should then have been had with Advantage to look at the options.

But the repairer confirmed to Advantage on 27 February 2023 the part was not available, and it was on back order with no lead time. So I think this took longer than I'd expect and so it caused an avoidable delay in the claim. Advantage's engineers decided the same day that the car was a constructive total loss, and it made a settlement offer to Mr J.

Mr J was unhappy with this as he was able to locate the part online. Advantage agreed that it would reimburse him if he obtained the part, and its repairer would then fit it. The repairer declined to do this as it could not guarantee this part and so Advantage made Mr J a cash in lieu offer three days later.

Mr J accepted the offer on 2 March 2023, but he disputed that he should pay the policy excess. Rather than pay Mr J an interim settlement, which it did a month later, Advantage investigated the complaint. Mr J's partner collected the car on 7 March 2023, but the payment wasn't made until 29 March 2023. The dispute was still unresolved, so I can't see why Advantage didn't make the interim payment sooner. I think this was a further avoidable delay.

So Mr J was unable to arrange his repairs for a further month. Mr J was without a courtesy car after the cash payment was made and, as his car's MOT had expired, he had difficulties getting estimates for its repair.

Our Investigator recommended that Advantage should pay Mr J £150 compensation for the trouble and upset caused by the delays in his claim. And I think that's in keeping with our published guidance where errors have caused trouble and upset over a period of months, as in Mr J's case. So I'm satisfied that £150 compensation is fair and reasonable.

Putting things right

I require Advantage Insurance Company Limited to pay Mr J £150 compensation for the distress and inconvenience caused by its handling of his claim.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Advantage Insurance Company Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 13 November 2023.

Phillip Berechree
Ombudsman