

The complaint

Mr C is unhappy with the service provided by Advantage Insurance Company Limited (AIC) following a claim he made on his car insurance policy.

What happened

Mr C took out a car insurance policy with AIC in June 2022. The policy booklet explained in the event of a claim one of the options available to AIC is to *'Pay the Market Value of your Car immediately before the loss.'*

The definition of *'Market value'* included *'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.'*

In September 2022 Mr C's car was involved in an incident. AIC accepted Mr C's claim and provided a value of £6,210 as the market value for his car (resulting in a payment of £5,815 to Mr C after his excess of £395 was applied). Mr C was unhappy with this amount and complained to AIC. Mr C also told AIC that he'd like to keep the salvage. But AIC sold Mr C's car before this could happen.

In response to Mr C's complaint AIC said the valuation they'd offered had been calculated fairly so didn't increase their offer. AIC did acknowledge the upset and inconvenience caused by their decision to sell Mr C's car before he had the option to buy it, and paid Mr C a total of £500 compensation in recognition of this.

Mr C didn't accept AIC's offer to put things right and brought his complaint to this Service for investigation. He was unhappy with the market value offered by AIC, and the compensation for the way his claim had been handled.

The investigator found that the service provided by AIC fell short of what we'd expect, but thought the calculation of the market value of Mr C's car for £6,210 was fair, and the compensation offered for the poor level of service was also reasonable. The investigator didn't recommend AIC do anything in settlement of Mr C's complaint.

Mr C didn't agree, saying that his car came with factory fitted optional extras included a leather interior, and heated seats, which AIC hadn't included in their valuation. Mr C also stressed the impact on him because of the way his claim had been handled, including *'...months and hours spent on hold on the telephone being bounced between departments with no one person wishing to take accountability.'*

As the complaint couldn't be resolved, it was passed to me 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.

Having reviewed the evidence I agree with the investigator's findings on this complaint for broadly the same reasons. I can understand this is likely to come as a disappointment to Mr C but I hope my findings go some way in explaining why I've reached this decision.

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.

Market valuation

We can only ask AIC to do more to put things right if we find that they've done something wrong, and not done enough to put things right. So I've looked at the trade guides that we would usually refer to when dealing with complaints about market valuation.

Trade guides are based on extensive nationwide research of likely (but not actual) selling prices. They use advertised prices and auction prices to work out what likely selling prices would've been. We expect insurers to use trade guides when valuing a car for claims purposes. Based on the circumstances of Mr C's complaint, I think it's fair that AIC used the trade guides here.

I've seen AIC have provided details of the trade values returned from two trade guides- showing values of £6,237 (CAP) and £6,180 (Glass's). We've checked two other trade guides commonly used to find out selling prices of a car of a similar make and model to Mr C's, with a mileage of 36,565. The values returned from these guides show £6,420 (Auto Trader), and £3,747 (Cazoo). We've discounted the last valuation from Cazoo as the valuation is materially lower than the others. The average value of the three values returned is £6,279.

Mr C was offered the average of the value returned from CAP and Glass's for his car- £6,210. Having considered the average value of the three values returned (£6,279), I'm satisfied the value offered by AIC is in line with what we would expect to see for a car of the same make, model, age, and condition as Mr C's.

I've considered Mr C's comments about the value being impacted by '*leather interior and heated seats.*' But I'm not persuaded these make a material difference to the value of Mr C's car. I don't doubt these features would've added to the driving experience for Mr C. But I've considered the age of Mr C's car at the time of the incident. And I think it's reasonable that AIC haven't increased their offer for Mr C's car based on these additional features.

From the trade guides I've looked at, and the values returned for Mr C's car, I think AIC's decision on the valuation for Mr C's car is fair. So I won't be asking them to reconsider this.

Disposing of salvage

It's not disputed that AIC could've done more to provide Mr C with a better level of customer service. Mr C was denied the opportunity to buy the salvage when he'd told AIC that's what he wanted to do.

When thinking about the impact on Mr C because of AIC's decision to sell his car, I think the £500 paid to Mr C is broadly in line with what we'd recommend in the circumstances.

It's clear Mr C has suffered trouble and upset because of his dealings with AIC- in particular, by not having the opportunity to buy the salvage. Thinking about our approach to compensation, and what's happened on this claim, I think £500 reasonably recognises the impact on Mr C caused by AIC's decision to sell Mr C's car against what Mr C had requested. And the calls with AIC in trying to sort this. I recognise that Mr C is also upset

because of the value paid for his car. But this isn't something I think AIC have done wrong for the reasons I've explained. So I won't be asking AIC to pay anything more.

My final decision

My final decision is that the offer to settle the complaint is fair and reasonable. So I won't be directing AIC to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 31 August 2023.

Neeta Karelia
Ombudsman