

The complaint

Mr H complains about Advantage Insurance Company Limited ("AIC") and the valuation they placed on his car after it was deemed a total loss. Mr H also complains about the service AIC provided during the claim process, and the cancellation of his insurance policy.

What happened

Mr H held a motor insurance policy, underwritten by AIC. Unfortunately, in early 2023, Mr H's car was damaged and so, he contacted AIC to make a claim. AIC accepted the claim and arranged for Mr H's car to be inspected by an independent engineer, who I'll refer to as "E". E compiled a report deeming the car a total loss, initially valuing Mr H's car at £10,200. But Mr H disputed this valuation and E revised their valuation, increasing it to £10,600. So, this is the payment AIC offered Mr H, less his applicable excess. Mr H didn't think this offer was fair and so, he raised a complaint.

Mr H didn't think the valuation payment allowed him to purchase a like for like replacement, which he felt his policy was intended to provide. So, he wanted AIC to increase the valuation to around £13,000. Mr H was also unhappy with AIC's refusal to provide him with advertisements of cars that had led to their original valuation, the communication provided around the payment which he felt was forceful and misleading and AIC's decision to cancel the policy when he hadn't added a replacement car onto it within the time period they set. So, he wanted to be compensated for the above.

AIC responded to Mr H's complaint and upheld it in part. They accepted Mr H was passed between people when he shouldn't have been and paid £50 to recognise this. I note this complaint point, and its resolution, isn't in dispute. But AIC thought the valuation they provided was a fair one, and they didn't think they were obliged to provide Mr H with advertisements as he'd requested. They also didn't think they'd mis-led Mr H regarding his payment and whether he should accept it. Nor did they think they had cancelled Mr H's policy unfairly, or outside of the terms of the policy he originally held. So, they didn't think they needed to do anything more. Mr H remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and didn't uphold it. They thought AIC's final valuation of £10,600 was a fair one, as it fell within the ranges of the valuations calculated by the motor trade guides used as per standard industry approach. And they didn't think AIC had mis-led Mr H or cancelled his policy unfairly when a replacement car wasn't added to the policy by the deadline AIC set. So, they didn't think AIC needed to do anything more.

Mr H didn't agree, and he provided several reasons explaining why. These included, and are not limited to, his continued belief that the payment offered by AIC didn't allow him to purchase a like for like replacement. And so, he thought it was reasonable to expect AIC to prove that it was possible. He also maintained his belief that AIC had stated the payment offered was final and so, he wouldn't be able to challenge it should he accept it, which is why he returned the cheque. And because of his inability to replace his car, he thought it was unfair for AIC to then rely on this to cancel his policy.

Our investigator considered Mr H's comments, but their view remained unchanged. And they explained it wasn't our service's role to comment on, or provide to Mr H, the algorithms used by the trade guides when they calculate a car's valuation. Mr H continued to disagree and so, his complaint has been referred 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 Mr H. I appreciate Mr H feels strongly about the valuation of his car, which he's made clear in his representations to both AIC, and our service. As Mr H doesn't think the payment offered by AIC allows him to purchase what he feels is a like for like replacement, I can understand why he feels unfairly treated. And because of this, I do recognise why Mr H believes AIC should increase the valuation payment and compensate him for the length of time he's been without a car.

But for me to say AIC should do something more, such as increase the payment for Mr H's car or pay additional compensation, I first need to be satisfied AIC have done something wrong. So, I'd need to be satisfied that AIC failed to act in line with the policy terms, and standard industry approach, when valuing Mr H's car. Or, if I think they did so, I'd need to be satisfied they acted unfairly in some other way. And in this situation, I don't think that's the case.

Before I explain why I've reached my decision, I think it would be useful for me to explain the remit of my role, and what I've been able to comment on. I note Mr H has expressed his concerns about the way the motor trade guides arrive at valuations. And he's asked to see the algorithms and advertisements they use. But this isn't something I'm able to comment on, or direct. This is because the algorithms the trade guides use are commercially sensitive. And any issue with the trade guides themselves, or the fact it is standard industry approach to use these guides, would fall under the remit of the industry regulator rather than our service to consider. So, I won't be commenting on this any further.

Instead, it is my role to consider the actions AIC have taken directly. And I would expect them to have valued Mr H's car in line with the terms of the policy he held, and in line with standard industry approach. And this approach is to use the motor trade guides and the information they supply. This is to ensure there is a standardised approach across all insurers on how motor valuations are calculated, in an attempt to ensure all customers are treated as fairly as possible.

I've seen the terms of Mr H's policy. And they define "*Market Value*" as "*The cost of replacing your car in the United Kingdom at the time of the loss or damage occurred with one of the same make, model, age and condition*". So, as Mr H doesn't think the payment of £10,600, less the applicable excess, allows him to do this, I can understand why he doesn't think AIC have acted in line with the policy.

But the definition also goes on to explain that "*Your insurer may use publications such as Glass's Guide to assess the Market Value*". And this is what we'd expect them to do, as it falls in line with the approach and guidelines set by the industry regulator.

I've seen AIC reviewed two motor trade guides and arrived at a final valuation of £10,600. But we would usually expect four trade guides to be used. So, I can see our investigator obtained four valuations from four separate trade guides. And these provided four valuations, ranging between £9,950 to £10,976.

Crucially, two of the four guides provided a valuation below £10,600. And two provided valuations over the amount AIC offered to pay. So, I'm satisfied on this basis that the valuation reached, and payment offered, by AIC was a fair one, as it falls directly in line with the trade guide valuations obtained. So, I don't think I can say it should be increased on this occasion.

I understand why Mr H won't agree with this. And I have taken on board his comments about not being able to find a replacement car that falls in line with these valuations. But, while we can take into consideration advertisements for cars, our service usually places more weight on the valuations calculated by the trade guides, as advertisements will usually contain an inflated price to allow room for negotiation. So, based on the evidence available to me, I don't think I've seen anything that satisfies me the valuation AIC reached was calculated unfairly, or that it failed to fall in line with the terms Mr H held.

I've then turned to the other complaint issues Mr H raised. I note Mr H was unhappy with AIC's failure to provide advertisements of cars he could purchase using the valuation they offered. But this isn't something I'd expect AIC to do. What I can see is they set out clearly the valuations they obtained from the trade guides, and how they considered these to reach the valuation they did. So, I think AIC acted fairly here, and provided Mr H with the level of information I'd expect.

And within this communication, I haven't seen any evidence to show they purposefully misled Mr H into accepting the final offer they put forward. Or that by cashing the cheque they sent would impact his ability to continue with his complaint. In fact, in the claim notes I've seen, I think AIC made it reasonably clear to Mr H that a complaint had been raised but may take some weeks to be responded to. And from this, I think it was reasonable to ascertain that any payment for the claim itself would be separate to this. While the payment offered was a final payment, I've seen nothing that evidences AIC stating Mr H couldn't challenge this payment. And as it was a final payment, I wouldn't expect AIC to title it as interim. Nor would I expect them to offer an interim payment of a lesser value, as I'd expect them to ensure Mr H has all the funds available to him to purchase a replacement. So, I can't agree AIC acted unfairly here.

Finally, I've then turned to the cancellation of Mr H's policy. I can see that when they raised payment for the £10,600 on 21 April 2023, they explained in an email to Mr H that he would need to add another car to the policy by 21 May, or it would be cancelled without charge. And this falls in line with Mr H's policy terms, which explain that *"If your claim is settled on a Total Loss basis and you don't replace your car within 30 days of being issued the settlement payment, we'll cancel your policy"*.

It's not in dispute that Mr H didn't purchase a replacement car. While I acknowledge Mr H's reasoning behind this, as I've already explained above, I think the payment raised by AIC was a fair one. So, I think it was Mr H's own decision to return this payment, rather than use it to purchase another car. And, as Mr H didn't purchase another car, it follows that he then didn't own another car to add onto his policy within the time frame AIC allowed. Because of this and the above, I think AIC acted fairly, and in line with the policy terms, when cancelling it as they did. So, I can't say they should do anything more.

I understand this isn't the outcome Mr H was hoping for. And I appreciate Mr H has been without access to a replacement car for an extended period of time, while he's challenged

the valuation and pursued his complaint. But for me to say AIC were responsible for this delay, and the subsequent impact, I'd need to be satisfied this time without a car was as a result of something AIC did wrong. And I don't think it was.

It is now down to Mr H to decide whether he wishes to accept AIC's valuation and the associated payment. Should he wish to do so, he should contact AIC directly to confirm.

My final decision

For the reasons outlined above, I don't uphold Mr H's complaint about Advantage Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 4 December 2023.

Josh Haskey
Ombudsman