

The complaint

Mr B complains Advantage Insurance Company Limited unfairly settled his claim on his motor insurance policy after his car was stolen.

Advantage are the underwriters of this policy i.e. the insurer. Part of this complaint concerns the actions of the intermediary. As Advantage have accepted it is accountable for the actions of the intermediary, in my decision, any reference to Advantage includes the actions of the intermediary.

What happened

Mr B had his car stolen whilst at work in mid-April 2023. He made a claim on his motor insurance policy.

Advantage investigated the claim and as the car was not recovered it made a settlement offer of £15,750 which Mr B refused.

Advantage made Mr B an increased settlement offer of £18,135 less the policy excess.

Mr B was not happy with the time taken to progress his claim or the settlement amount offered.

As Mr B was not happy with Advantage, he brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and said Advantage should increase its offer. They obtained two further valuations from the main trade guides and found these to be higher than the two used by Advantage. They initially said an average of these two higher valuations was the fair amount to pay in settlement.

When presented with the additional trade valuations obtained by our investigator Advantage said it would increase its offer to the average of the four valuations, less the policy excess. It said it was unfair to only to use the two highest valuations and suggested using an average of the four guides was the fair settlement. Our investigator agreed with Advantage and said the amount paid to Mr B should be the average of all four trade guides. This amount was £19,596.

As Mr B is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

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 first looked at the time taken to settle Mr B's claim. Mr B's car was stolen on 12 April 2023. I looked at the evidence provided by Advantage and can see that it engaged its approved

loss adjuster before the end of April 2023. Based on the information provided by its loss adjuster it made further investigations into the claim.

The offer of settlement was made in mid-August 2023 which was approximately four months after the car was stolen. I do understand that this will have felt like a long time to Mr B, but Advantage is entitled to thoroughly investigate a claim. I am satisfied the investigations carried out were legitimate and there were no avoidable delays caused by Advantage.

I next considered whether Advantage acted fairly and reasonably in reaching its decision as to the level of settlement offered to Mr B following the theft of his car. My role is not to provide an exact valuation but to make a judgment as to whether the offer of settlement is fair.

I firstly looked at the details within Mr B's motor insurance policy with Advantage. It says it covers *damage or loss by fire and theft up to its market value*.

Although this service doesn't value vehicles, we do check that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. We use trade guides to do this, and they're based on nationwide research of likely selling prices and take the car's specifications, mileage etc into account.

This service doesn't consider the question of market value to be an exact science, however our general approach is that the valuations given in the main motor trade guides provide the most persuasive and consistent evidence. These guides are based on extensive nationwide research of likely (but not actual) selling prices.

We take the approach that if Advantage can demonstrate that it used a fair process to value the car then we wouldn't interfere with the offer it has made.

I looked at the information Advantage used when calculating the market value for Mr B's car. I saw it obtained valuations from two of the main trade guides using the date immediately prior to Mr B's claim. In this case the two valuations were £17,510 and £18,760. Advantage offered £18,135 which is the average of these two guides.

I looked at the valuations our investigator obtained. He obtained valuations from four guides, using the date Mr B's car was stolen. These include valuations from the two same guides as used by Advantage and valuations from two different trade guides that gave higher valuations. The average of these four valuations was £19,596.

I do accept that prices of used cars can change on a regular basis. This could be an increase or decrease. As it had taken Advantage approximately four months to conduct its investigations into Mr B's claim and make its settlement offer to him, I considered if there had been any change in valuation since the date Mr B made his claim in April 2023.

I obtained valuations from the same four trade guides, this time using the date of settlement in August 2023. I found the car's market value had decreased from the date of loss. Therefore the time taken to settle Mr B's claim did not negatively impact the valuation of the car.

I also saw evidence from both Mr B and Advantage of adverts of similar cars for sale that were both higher and lower than £19,596 - the average of the four trade guides.

I know this will come as a disappointment to Mr B but after considering there are variances in both the four trade valuations and the sales advertisements, I think in this case the fair way to settle this complaint is to use the average of all four trade guides.

Therefore, I uphold Mr B's complaint and require Advantage to pay Mr B a total of £19,596 less any policy excess for the total loss of his car. As Advantage has already made an interim payment it should now pay the difference of a further £1,461. It should also pay 8% simple interest on this amount from the date the original settlement figure was paid until the date paid.

My final decision

For the reasons I have given I uphold this complaint.

I require Advantage Insurance Company Limited to pay Mr B a further £1,461. It should also pay 8% simple interest on this amount from the date the original settlement figure was paid until the date paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 January 2024.

Sally-Ann Harding
Ombudsman