

The complaint

Miss C complains about poor service and claim handling by Advantage Insurance Company Limited (Advantage) following the attempted theft of her car, under her motor insurance policy.

What happened

In February 2023 Miss C says her car was broken into and someone had pulled out and cut a number of wires in an attempt to steal it. She contacted the police and completed a claim form with Advantage. She says she called the business shortly afterwards to check it'd received the claim form. She was told her car would be collected within 24 hours. Miss C says Advantage told her the car would be considered a write-off.

Miss C waited in for her car to be collected the next day, but this didn't happen. She was told this was because of an error with her claim. At this time Advantage told her the car was repairable. Miss C asked for a courtesy car and was told there was a shortage, and she wouldn't be entitled to one until the car was being repaired. She was told there may be a four week wait to get her car into a garage.

Miss C says she expected to use her car to travel on holiday. She couldn't do this and wasn't provided with a courtesy car. She contacted a number of times to arrange collection of her car, but this didn't happen until nine days after she submitted her claim. After many more calls Miss C says she was offered a settlement payment for £2,489.70. This was for the total loss of her car, less her policy excess and outstanding premium payments. She didn't accept this amount. Advantage subsequently increased its offer to £2,648. Miss C also thought this was too low.

Miss C explains how she was extremely distressed and inconvenienced by Advantage's handling of her claim. She says she was going through a difficult time, and this impacted on her mental health.

In its final complaint response in March 2023 Advantage says it valued the car correctly using the industry trade guides. It says its offer was the highest from the valuations it obtained. I can see that prior to this it paid Miss C £60 compensation for service failings when handling her claim.

Miss C didn't think she'd been treated fairly and referred the matter to our service. We contacted Advantage and it provided a more detailed response to the service issues Miss C had described. It maintained that its settlement offer was fair, but it increased its compensation offer to £200 in total, along with the offer of a written apology. Our investigator upheld Miss C's complaint. He didn't think Advantage handled Miss C's claim well. But says its offer of an apology and a total of £200 compensation was fair.

Miss C disagreed and asked for an ombudsman to consider her complaint.

It has been passed to me to decide.

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 upholding Miss C's complaint. I won't be adding to the remedy Advantage offered, which I think is fair. I understand this will come as a disappointment to Miss C. However, I'm upholding her complaint as Advantage didn't offer its resolution until after she'd referred her complaint to our service. I'll explain why I think my decision is fair.

Valuation

Advantage's engineer determined Miss C's car was uneconomical to repair. I understand Miss C wants the best offer she can get following the total loss decision. But having read her policy terms, the policy provides the market value in the case of a total loss. This is defined in the policy booklet as:

"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. This may not necessarily be the value you declared when the insurance was taken out. Your Insurer may use publications such as Glass's Guide to assess the Market Value and will make any necessary allowances for the mileage and condition of your Car and the circumstances in which you bought it."

We don't provide valuations for vehicles but rather we look to see whether the insurer's offer is reasonable. In assessing whether a reasonable offer has been made, we obtain valuations from the motor trade guides.

These guides are used for valuing second-hand vehicles. We find these guides to be persuasive because their valuations are based on nationwide research and likely sales figures. The guides also consider regional variations. We also take all other available evidence into account, for example, engineer's reports.

Our investigator thought Advantage's settlement offer was fair and reasonable. I've checked how he arrived at this conclusion. I can see he looked at the valuation information Advantage provided. It used the correct make, model, age, mileage, and date of loss. From the two trade guide valuations it obtained, it offered Miss C the higher value, which was £2,648.

Our investigator obtained valuations from three of the trade guides using the same information for Miss C's car. These gave valuations of £2,650, £2,116, and £2,403.

Valuing second-hand vehicles isn't an exact science so I'd expect there to be a range of values where different trade guides are used. Based on this information Advantage offered a settlement payment that is at the high end of the trade guide valuations we were able to obtain. So, I don't think Advantage treated Miss C unfairly when offering her this amount.

Courtesy car

I've thought about Miss C's comments that she wasn't provided with a courtesy car, which caused her inconvenience and distress.

Miss C's policy terms say:

"About the replacement car service

- *You won't be eligible for a replacement car if your Car is stolen or considered to be a Total Loss/write-off.*
- *The replacement car service is only available if you are making a claim under Section 1 or 2 of the policy and the repair is being done by your Insurer's Nominated Repairer.*
- *The replacement car will be provided by your Insurer's Nominated Repairer.*
- *The service is only available while your Car is being repaired"*

Miss C's car was determined to be a total loss. The policy doesn't provide for a courtesy car in these circumstances.

I'm aware that Advantage told Miss C her car was repairable, after initially telling her it was a write-off. It then reverted back to the car being a total loss. This caused confusion as well as some inconvenience and distress. I'll refer to this under the heading below. But ultimately there was no requirement under Miss C's policy to provide her with a courtesy car.

Claim handling/service

Miss C raised her claim with Advantage on 16 February 2023. She was told her car would be collected within 24 hours. This didn't happen. She was then given varying information and she had to either be home, in order to allow collection, or to arrange for someone else to be there. It wasn't until 25 February that her car was finally collected. I think this should reasonably have happened sooner.

Miss C was told her car was a total loss. Then told it was repairable. Then told again it was a total loss. This created confusion. The car was inspected by Advantage's agent and a valuation was performed. A settlement offer was then offered on 3 March, which Miss C rejected. The claim records show an increased offer was later emailed to Miss C on 15 March.

The first settlement offer was within the range of values I've seen from the trade guides. I think it's reasonable that Advantage increased its offer to the highest of the valuations. But I don't think it treated Miss C unfairly in how it arrived at its settlement payment.

I don't think the overall time Advantage took to provide Miss C with a settlement figure was unreasonable. The business says it expects to deal with this type of claim within two weeks. In Miss C's case it took around a day longer than this. It acknowledges that it failed to arrange the collection of Miss C's car initially. And based on what I've read it didn't communicate effectively. From the claim records the onus was on Miss C to chase progress about the collection of her damaged car, the provision of a courtesy car, and the settlement payment. Miss C should have been provided with a better standard of service in this respect.

I'm sorry Miss C was distressed by Advantage's handling of her claim. I note the personal circumstances she describes around the time this occurred, which meant the situation had a more significant impact on her. To acknowledge this, I agree that Advantage should provide an apology and a compensation payment. But I think its offer of £200 is fair, so I won't ask it to pay more.

My final decision

My final decision is that I uphold this complaint. If it hasn't already Advantage Insurance Company Limited should:

- pay Miss C a total of £200 in compensation; and

- write to Miss C to apologise for the poor service she received.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 19 December 2023.

Mike Waldron
Ombudsman