

The complaint

Mr H complains about the way Advantage Insurance Company Limited (“Advantage”) handled a claim he made on his motor insurance policy.

Any reference to Advantage also includes its agents.

What happened

Mr H was involved in an accident whilst driving his car. He contacted Advantage to make a claim. Initially Mr H was told the car could be repaired, but eventually, Advantage said it was a total loss, and Mr H was offered £3,440 for its value.

Mr H complained about this offer, and the service he’d received. He raised numerous complaint points which in summary were:

- That his vehicle had been declared a total loss when he’d been told it could be repaired.
- The amount offered for his vehicle wasn’t enough for him to be able to replace it.
- When he was sent the settlement cheque, it was short by over £150.
- There were issues with the hire vehicle, and he was without a car for about a week.
- Communication issues with phone calls and letters.

Advantage issued a final response to the complaint in February 2023. It said it thought its settlement offer was fair, but it accepted there had been issues with the claim. Mr H was given a total of £75 compensation for various service issues, including being without a courtesy car for longer than he should have been and being on hold for a long period of time during a phone call.

In March 2023, Advantage issued a further final response letter. Mr H had raised a further complaint that he wasn’t told his insurance policy would be cancelled if he hadn’t changed the vehicle in 30 days. Advantage accepted it didn’t give Mr H this information, which had resulted in his policy being cancelled. It gave Mr H £140 in compensation to reflect the distress caused by that error.

Unsatisfied with that response, Mr H brought his complaint to our service. Our investigator recognised there were mistakes in the service provided to Mr H. But she thought the decision to write-off the car and the settlement offer was fair. She didn’t think Advantage needed to pay any more for the time he was without a hire car, as under the policy he wasn’t entitled to one. She was satisfied that the compensation offered to Mr H was enough to recognise the inconvenience caused by its mistakes.

The investigator did say Advantage should have allowed Mr H to add a car onto his policy after it was cancelled, since it hadn’t made him aware of the 30-day period. But Advantage later confirmed it had offered a further 30 days to Mr H as a resolution. Our investigator said this was fair.

Mr H replied with several points. The main ones were that he was initially told the car could be repaired. He couldn’t source a replacement vehicle for the price offered by Advantage. His new policy had cost around £500, he wouldn’t have had to pay that had Advantage not cancelled the insurance and it had done so before he’d received a full settlement. He said

he'd been left in a worse position even though he wasn't at fault for the accident. He also raised a number of points about who the complaint was set up against, given the branding on his insurance shows a different name.

He also said he's never received anything from Advantage saying it would extend the cover for him, for a further 30 days. And that he'd been told by a hospital doctor he'd suffered a whiplash injury, but the solicitors recommended by Advantage hadn't progressed matters.

Our investigator addressed the above points but didn't change her outcome. She told Mr H he'd need to complain separately to Advantage about any personal injury claim and that it wouldn't be considered as part of this complaint.

Mr H asked for an ombudsman to review the case, so the matter has come 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.

Mr H has raised a number of points in relation to this complaint. As an informal service, I'm not going to answer each point he's made. My role is to focus on what I consider to be the key issues. Mr H has also raised various questions about the branding on the policy he took out, and who the insurance is underwritten by. Our investigator has explained the role of the different businesses and why the complaint is set up against Advantage. So I'm not going to repeat it here. I'm also not going to go into detail about the claim timeline. But I would like to reassure Mr H and Advantage I have read and considered everything both parties have provided, even if I don't refer to it.

I've firstly considered if Advantage acted reasonably in saying Mr H's car was a total loss. Advantage accepts it first told Mr H it expected the car to be repairable. It seems to me this was done before it had been inspected. Nevertheless, I accept he was told that initially. After it was inspected, Advantage decided it would cost more than the vehicle was worth to repair it, so it was declared a total loss. Mr H has said this isn't fair, as it was a non-fault claim, so he shouldn't be penalised. But under the terms of his insurance policy, Advantage has the right not to repair a vehicle if it is uneconomical to do so. And that applies irrespective of who is at fault for the accident.

When Mr H complained about the car being a total loss, Advantage offered to have it inspected again. I've reviewed both reports. I'm satisfied that based on those reports, Advantage made a reasonable decision to say the car was a total loss. I can't see that Mr H provided any evidence from his own engineer that would suggest the car was repairable for a reasonable amount.

I accept it would be disappointing for Mr H when he'd first been told it could be repaired. But it wouldn't be reasonable to hold Advantage to that, given what the engineers' reports concluded.

I've next considered the valuation offered by Advantage, which was £3,440. Having done so, I'm satisfied Advantage offered a reasonable amount, so I'm not going to interfere with its decision.

Advantage says it based its valuation on two trade guides. It didn't provide evidence of the information it used to get these figures, so like our investigator, I've considered all of the trade guides this service uses to assess fair market value. There was a range between £3,290 and £3,790. So Advantage's offer is within this range. I accept it isn't at the top end of the range, but we wouldn't expect it to simply offer the highest price a guide offered. That is because all of the guides assess the market and update their data with different frequency. And Advantage doesn't need to provide an average of all of the guides, but for this service to say it's made a fair offer, it should be within the range. As it is, I'm not going to interfere with its offer.

Mr H has asked for details on how often the guides are updated. I don't consider this relevant to the outcome. I'm satisfied the guides provided a picture of the market when his car was involved in an accident.

There was a long delay between the initial report being carried out on the car in December 2022 [which said it was a total loss] and the second engineer's report – which was done in April 2023. I'm satisfied this delay wasn't caused by Advantage. The valuation provided by the second engineer was around £150 higher than what Advantage had already offered Mr H. So Mr H has queried why this wasn't paid. Having considered everything, I'm not going to ask Advantage to increase the settlement. I'm not persuaded that this report means Advantage made an unreasonable offer in January 2023. It could be that the value of cars generally had gone up over those months, and I'm satisfied, based on the evidence I've seen, that Advantage's original offer was fair.

Turning to the cancellation of the policy, Advantage accepts it didn't make it clear to Mr H that he only had 30 days to add another vehicle. It's not clear to me exactly when Advantage considers the 30 days to have started. However, when Mr H complained about the cancellation, Advantage said it would give him a further 30 days to add another vehicle on. And it said if he needed more time it may be able to consider this. I think this is reasonable of Advantage, and what I'd expect it to do given its mistake.

Mr H says he never received a communication from Advantage confirming that. Advantage has provided evidence it was sent by email in March 2023. I can see where the confusion may have occurred. Mr H had asked for his complaint to be responded to by letter, which it was. And Advantage didn't mention extending his cover when it responded to his complaint in March 2023. I think it would have been helpful if it had done so.

However, I'm satisfied that it did send an email to Mr H about extending the cover around the same time the letter was sent. It was sent to the email address they had on file for Mr H, and Mr H has since confirmed he's received other emails from Advantage. So whilst it's unfortunate that Mr H may have not received this one, I'm not going to ask Advantage to do anything more on this point.

There were some issues with the handling of the claim, and Advantage has paid a total of £215 to apologise for this. I understand the investigator quoted a higher figure than this to Mr H, but those additional payments were not compensation for its handling of the claim. When Mr H was initially told the car could be repaired, he was offered a hire vehicle, but there were delays in sourcing one. And Advantage should have been clearer, initially, about Mr H's options for putting another car on cover, and there were other issues, such as with phone calls. But I'm satisfied that the compensation provided is fair to cover the distress and inconvenience caused by those errors.

Overall, whilst Advantage did make mistakes during the claim, I'm satisfied that it took appropriate steps in paying compensation and offering to extend the cover. So I'm not going to ask it to do anything more to resolve the complaint.

My final decision

My final decision is I'm not going to ask Advantage Insurance Company Limited to do anything differently.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 21 November 2023.

Michelle Henderson
Ombudsman