

## **The complaint**

Mr M has complained about Advantage Insurance Company Limited. He isn't happy about the way it valued his car after a claim under his motor insurance policy and the way it dealt with his claim.

## **What happened**

Mr M made a claim under his motor insurance policy and his car was deemed a total loss. When Advantage looked to settle the claim Mr M wasn't happy with the valuation of his car. And he wasn't happy it took his hire car back off him at that point in time. So, Mr M complained to Advantage about this.

Advantage looked to value Mr M's car after it was written off by looking at the various trade valuation guides in order to gauge the market value of his car. And as he wasn't happy it looked again at the valuations and it became clear that it had made a mistake – it had mistakenly taken a deduction as it thought (incorrectly) that his car had previously been written off. Once it realised this error it provided what it thought was a fair market value of Mr M's car, in line with the trade guides minus a small deduction as the Car's MOT had expired (£40) and in relation to a small amount of pre-existing damage (£80). It also refunded some of the additional costs Mr M incurred when his hire car was taken back. But as Mr M remained unhappy he complained to this Service.

Our investigator looked into things for Mr M but didn't uphold his complaint. She looked at the various motor trade valuation guides for Mr M's car from around the time his car was stolen and thought Advantage had acted fairly as it eventually offered an amount that was in line with the valuation guides. And, although she accepted it must have been frustrating for Mr M to have been told his car was a previous write off, when it wasn't, she thought Advantage put things right quickly so she didn't ask it to do anymore here.

As Mr M didn't agree, maintaining that he couldn't buy a car for the money Advantage had offered, the matter has been passed to me for review.

## **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 think the complaint should be partly upheld. I know it will come as a disappointment to Mr M, but I think Advantage eventually offered a fair market value for his car. But I wrote out to both sides separately to let them know I thought Mr M should be compensated for the poor customer service he experienced and that I didn't think Advantage had justified the small reduction it made for pre-existing damage.

I can understand Mr M's position, as he clearly feels his car is worth more than Advantage have offered him. And he feels the way Advantage has valued his car has left him out of pocket. But this Service has an established approach to valuation cases like Mr M's. When

looking at the valuation placed on a car by an insurance company I consider the approach they have adopted. And decide whether the valuation is fair in all the circumstances.

It isn't the role of this Service to come to an exact valuation of a consumer's car. But we do look to see if insurers have acted reasonably in looking to offer a fair market value of the car. I pay attention to the various trade guides used for valuing cars. And I look at any other evidence provided by both sides. This evidence might include advertisements for the sale of similar cars. But I generally place less weight on these than on the trade guides, as the guides give an up to date guide of the value of the car in question. The condition of the car at the time of the incident is also an important factor to consider. And I must emphasise that I will only order a business to increase its valuation if I consider it is unfair.

I know Mr M doesn't agree with this approach and feels his car is worth about £5,000 more than Advantage has offered. And while I understand his position, and the fact that the second-hand market is buoyant at the minute, I'm satisfied Advantage has acted fairly. I've looked at the various adverts Mr M has provided and, in the main, they have a lot less mileage than his car which clearly affects the value of the cars advertised. Indeed, I've looked at some models similar to Mr M's now and there are a few cars available (not many) for around the amount Advantage has offered although those with less mileage are clearly a lot more expensive. However, I'm sure it isn't easy to find a similar car with similar mileage to his given the particular model of the car, but that doesn't mean Advantage's valuation and offer is unfair.

I understand that Mr M doesn't feel the correct model of car has been used which may have affected the valuation. But I've seen the make, model and details that Advantage has used to value his car and I don't see any discrepancy here. Indeed, our investigator has satisfied herself of the make and model of Mr M's car as well and I'm satisfied that the correct details for Mr M's car have been used to gauge its value.

Advantage got its engineer to look at the valuation and considered the further information and evidence Mr M provided. And increased its valuation when it realised it had made an error in relation to the car being previously written off. So, I can't say it has acted unreasonably here. And although I understand Mr M feels this low offer was deliberate by Advantage I'm satisfied, on balance, that this was simply a mistake.

Valuing second-hand cars is far from an exact science and it isn't my role to value Mr M's car. I'm just looking to see if Advantage has acted reasonably in providing a fair market value of his car and I think it has. Mr M has made the point that second-hand car valuations are rising. But the trade guide valuations are from around the time of his claim, so I'm satisfied that he hasn't been prejudiced here and has been offered the market value of his car from around the time of his claim.

Advantage also deducted £40 from the market value of Mr M's car as it didn't have an MOT which seems fair. But I haven't been provided with sufficient evidence to say that a further deduction of £80 for some pre-existing damage was fair. Although it can be fair for an insurer to deduct 50% of the cost of pre-existing damage I haven't been provided with sufficient information to say this is the case here. So, I think it would only be fair to refund this to Mr M.

Finally, I think the mistake (of telling Mr M his car was a previous write off when it wasn't) has caused a fair degree of worry and stress for Mr M. He is a relatively new driver and saved hard for his car and it must have been stressful to have been told his car was a previous write off when it wasn't. And, as he has outlined he thought he'd been sold a car that was worth a lot less than he paid for it originally which was very concerning for him. And so, I think Mr M should be paid a small amount of compensation (£100) for the stress, worry and inconvenience Advantage caused him here.

Given all of this, I think the fair and reasonable thing to do, in the particular circumstances of this case, is for Advantage to refund the £80 it deducted from Mr M's settlement and pay 8% simple interest for the time he's been without the money. And to pay him £100 compensation for the clear stress and worry he was caused by being told his car was previously a write off (when it wasn't) and being offered a very low settlement offer because of this.

### **My final decision**

It follows, for the reasons given above, that I partly uphold this complaint. I require Advantage Insurance Company Limited to refund the £80 deduction and pay 8% simple interest from the date of claim until the date of settlement and £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 September 2023.

Colin Keegan  
**Ombudsman**