

The complaint

Miss O thought her claim under her motor insurance policy was unnecessarily delayed and she felt the valuation of her car was too low when it was calculated by Advantage Insurance Company Limited ("Advantage").

What happened

Following the theft of her car, Advantage agreed to settle Miss O's claim. Miss O was unhappy that it was difficult for her to contact Advantage as there were long queues on the phone lines. She was unhappy with the time it took for Advantage to receive reports from the loss adjuster, which she thinks delayed her receiving her settlement offer. Advantage said it reviewed the case file and thought it was progressing at a reasonable speed, given the validation it was required to do.

Miss O felt the settlement offered wasn't sufficient. She didn't think it considered the price she paid for the car, the enhancements to car or the location she would be purchasing her new car from. Advantage said it based its valuation on industry guide prices and adjusted for other items (such as repairs and the excess payment).

Our investigator decided to uphold the complaint. He calculated what he thought was a fair settlement based on industry guides and relevant adjustments and he asked Advantage to increase its settlement by £222 to £26,371. Miss O disagreed, so the case has been referred to an ombudsman.

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 made a provisional decision on this on 6 December 2023. I said:

"I've reviewed the timeline from the accident to when Miss O was offered her settlement. Her first offer was made around two- and a-bit months after the theft. I can see there were some complications in coming to the final settlement value due to the circumstances of the claim.

I think it's reasonable the claim took slightly longer due to the fraud investigation that was carried out. Along with the time it took for other information to be collected, including a previous damage claim and clarification of what finance was owed on the car. However, I do think the process could've been slightly quicker if some of the activities were done in parallel rather than in sequence. I think Advantage could've kept Miss O better informed of what was happening.

Advantage offered Miss O £165 for these service issues. I think the delay and poor communication will have distressed Miss O, but I think the amount offered by Advantage is fair in these circumstances and aligned to our guidance on compensation awards. So, I don't intend to uphold this aspect of the complaint.

I've considered the settlement offer that was made to Miss O for her car. She's unhappy that the price she bought the car for wasn't taken into consideration. Our service follows a similar approach to insurers, and we use industry guides to retrieve benchmark prices for cars. These benchmarks are based on recently sold prices for comparable cars nationally, therefore, the price Miss O paid for her car wouldn't be relevant as prices fluctuate all the time.

I appreciate Miss O wants to buy her car locally and this maybe more expensive. However, she does have the option to buy a car from a national market which would reduce the cost to her. I don't think it would be fair on Advantage to pay a higher cost than what a similar car could be bought for.

Miss O said her car had many enhancements made to her car. Our experience shows that the value of enhancements doesn't really have much significance on the future retail price of a second-hand car. So, I can't say Advantage has been unfair in its approach in this aspect. I think it has attempted to find a fair market price for Miss O's car.

Miss O hasn't challenged some of the adjustments made by Advantage in setting its settlement offer – for example it has deducted the policy excess, cost of repairs that would be needed on the car and the cost of a MOT that was needed. I've checked these figures also, and they don't seem unreasonable.

Advantage identified two independent industry benchmark prices for the car itself (same make, model, specification). The guide prices were £28,462 and £26,520, but Advantage valued your vehicle at the higher of these prices, which allowed it to calculate a settlement of £26,149 (after deductions).

Our service thinks where the range of valuations is greater than 5%, then the higher valuation should be taken (in this case £28,462). Applying the same adjustment (£2,312.76) that Advantage made for MOT, repair and cash in lieu from previous claim, I think a fair settlement would be £26,149.24 (£28,462 - £2,312.76). As the settlement Advantage has given works out to the same as what our service would judge as fair, I can't see that there has been a financial loss for Miss O, so I don't intend to uphold this aspect of the complaint".

Responses to my provisional decision

Neither party responded to my provisional decision.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Given neither party has provided any new information, I see no reason to change my provisional decision.

My final decision

My final decision is that I don't uphold this complaint. I don't require Advantage Insurance Company Limited to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 6 February 2024.

Pete Averill
Ombudsman