

The complaint

Mrs A says Advantage Insurance Company Limited gave her incorrect advice when she made a claim on her motor insurance policy, causing her distress and financial loss.

What happened

The facts are well known to the parties, so I'll just summarise them.

- Mrs A's car was written-off whilst abroad. She was traumatised by that and was then shocked to be told by Advantage (in error) that her claim wasn't covered. She had to make her own arrangements to dispose of the car and travel home, so she cancelled the policy. Later, Advantage realised it had made an error and paid Mrs A for her car, but as it deducted the remaining premium from the settlement sum, she made a complaint. Advantage paid her £380 compensation in total for its initial error and a small second error. After one of our investigators reviewed her complaint, it raised the compensation to £500, but it wouldn't refund the deducted premium of £320.
- After the complaint was passed to me for review, I issued a provisional decision. I said I didn't think Advantage had fully appreciated the impact of its actions on Mrs A and her passengers (including a child and a very elderly relative). All their plans had to be changed and they had to forego settled arrangements, causing a delay in their return to the UK. They were all distressed and greatly inconvenienced. In addition, I said Mrs A was on a fixed income and was very worried about how she was going to replace her car if Advantage wasn't going to pay her for it. I thought Mrs A also lost out and was further inconvenienced by not realising that adding a new car to her policy (rather than cancelling it) was the best option for her. I said I thought that decision flowed from Advantage's initial error - Mrs A thought there was no point in having further cover from it, given what had just happened.
- I didn't think Advantage should have to return the deducted premium to Mrs A, as in the end it had covered her claim, and therefore it was entitled to the full premium. But I thought that given the level of distress and inconvenience Mrs A had faced, it would be fair and reasonable for Advantage to pay her a further £250 compensation. I asked the parties for their comments, and both accepted my provisional findings.

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.

As both parties have accepted my provisional findings, there's no reason to depart from them. So, for the reasons stated above, Advantage should pay Mrs A a further £250 compensation for the distress and inconvenience she experienced as a result of its errors.

My final decision

My final decision is that I uphold this complaint. I require Advantage Insurance Company

Limited to pay Mrs A a further £250 for distress and inconvenience (£750 in total).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 19 January 2024.

Susan Ewins
Ombudsman