

The complaint

Mrs P complains Advantage Insurance Company Limited hasn't offered a fair value for her car following an accident which led to it being written off.

Mrs P is represented by Mr P in this matter. For ease, I've referred to Mrs P throughout this decision.

What happened

The details of the claim are well known to both parties, so I won't repeat them again here. Instead, I'll summarise the background and focus on the reasons for my decision.

Mrs P insured her car with Advantage under a motor insurance policy. In March 2023, Mrs P was involved in a car accident. The car was subsequently deemed the car to be a total loss.

Advantage offered £1,095 to settle the claim, less the excess. This was based on a valuation of this amount provided through a trade guides portal which also allows a consumer to upload photos of their vehicle to. It relied on this valuation to make its offer to Mrs P as none of the other motor trade valuation guides it usually uses had a valuation for Mrs P's car.

Mrs P wasn't happy, so she complained about the valuation. She feels £2,200-£2,300 would be an appropriate valuation. Advantage didn't uphold Mrs P's complaint and explained it wasn't persuaded by the adverts provided by Mrs P as these related to vehicles of a different age and mileage to her car.

Mrs P brought her complaint to our service for an independent review and said she feels she's being scammed as she's not being given what she paid for. An Investigator at this service looked into matters and thought the offer made by Advantage was fair. They'd been able to obtain one valuation from a motor trade guide of £995 and Advantage's offer was more than this. They also explained they didn't find the advert sent by Mrs P persuasive - it related to a car with a different age and mileage to hers.

Mrs P didn't agree. She referred to a site which gives a range for the value of her car of £1,165-£2,245. And, as her car wasn't at the lower end in terms of its condition, she considers this shows the offer is unreasonable. Mrs P explains she's only seeking a value which gives her a like for like replacement and would be willing for Advantage to buy one for her instead of giving her the cash settlement. Alternatively, she says Advantage should send her the adverts for cars like hers within the range of its offer.

The Investigator and Mrs P communicated about these matters, but the points raised didn't change the Investigators view. This matter has now been referred to me for a decision.

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 recognise I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by the parties involved. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this and it reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I've given careful consideration to all of the submissions made before arriving at my decision and I'm satisfied I don't need to comment on every individual argument to be able to reach what I consider to be a fair outcome.

Having done so, I must explain to Mrs P I consider the Investigator reached a fair outcome in this matter. So, I won't be asking Advantage to do anything to put things right.

It may be helpful to explain that my role isn't to give an exact value of Mrs P's car. Instead, my role is to decide whether Advantage has applied the policy terms and conditions when reaching its market value and whether it has done so in a fair and reasonable way. Based on what I've seen, I think it has. I'll explain why below.

Where a car has been damaged, it's usual for the insurer to pay the consumer the market value of the vehicle. The policy defines the market value as follows.

'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.'

This means Advantage will pay the value of the car immediately before the accident which, here, it has ultimately determined to be £1,095. Advantage relied on one valuation in light of the other trade guides not having additional valuations. We use a similar approach and the same trade guides to help decide if a settlement offer is fair when valuing second-hand vehicles. And we generally find the valuations given in these guides to be persuasive.

I can see the valuation obtained by Advantage was for £1,095. And I note the Investigator was able to obtain one motor trade guide valuation for Mrs P's car of £995 and they confirmed the other trade guides didn't give valuations for her car. The valuation obtained by the Investigator also referred to a car similar to Mrs P's which had been advertised at the same price as Advantage's offer.

Taking all this information together, I'm satisfied Advantage's offer for the market value of Mrs P's car at the time directly before the loss was fair, according to the terms and conditions of the policy and our approach to complaints like this. It follows I don't require Advantage to increase this.

I'm aware Mrs P says a similar car will cost a lot more to replace and she refers to adverts online in support of this. But I don't agree the evidence I've seen shows this as they aren't sufficiently similar to Mrs P's car. So, having thought carefully about this, I'm not persuaded the evidence shows Advantage's offer – based on the highest valuation - wasn't a fair one.

I'm sorry to disappoint Mrs P but this ends what we – in trying to resolve her dispute with Advantage about the valuation of her car – can do for her. I acknowledge she's made suggestions for what Advantage should do such as buy her a similar car in lieu of a cash settlement. But it's not obliged to do this under the policy terms. And, as I haven't upheld this complaint, I'm not asking it to take any steps in this matter.

My final decision

For the reasons set out above, my final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 21 December 2023.

Rebecca Ellis
Ombudsman