

## **The complaint**

Mr K says esure Insurance Limited didn't deal properly with a claim he made on his motor insurance policy and that it repaired his car when it should have been written-off.

## **What happened**

On 3 March 2020 Mr K's car was damaged in an accident. He contacted esure when it was in the garage waiting for parts to arrive in order for repairs to be carried out. He was concerned about the damage that was done to the radiator during the accident and didn't think the car would be repairable.

On 18 March 2020 esure told Mr K that the repairs would be finished by 24 March 2020, but he asked for the work to be stopped. He said he didn't think the car would be safe to drive after it was completed. At that point, an advisor told Mr K the work would continue, as the car was repairable. But on 20 March 2020 Mr K was sent a cheque to settle the claim. esure then realised that it had made an error, as the repairs were almost completed. It stopped the cheque, but didn't tell Mr K, although an engineer tried to call him three days later.

One of our investigators reviewed Mr K's complaint. He said the policy allowed esure to decide how to deal with any claim, so it could choose whether to repair the car or not. He thought esure had made it clear to Mr K throughout that the car was repairable. Although it made an error in sending him a settlement cheque, he said that was put right quickly.

The investigator noted that the car's radiator had been replaced and that there was nothing to show it wasn't safe to drive. He thought it was fair that esure had paid Mr K £100 compensation for distress and inconvenience. But as Mr K said he'd sent his car registration document back to the DVLA, he thought it would be fair for esure to cover any costs arising from that. esure agreed to do that, subject to evidence.

Mr K said esure had spent around £5,000 on repairing the car, which was close to its market value. As he didn't accept the investigator's view, the complaint was passed to me.

## **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.

Although esure has the right to decide whether to repair a car or not, I thought it was reasonable for Mr K to query why esure had chosen to do so in this case. Insurers generally don't authorise repairs if the cost of them is likely to exceed around 60% of the car's value.

esure said the cost of the repairs rose when they were well under way, so it made sense for them to continue. It said the repairer thought the car was worth £8,000 (as it was unaware it had been written-off previously) and the initial repair estimate was just over £4,000. It was only after the repair costs rose (when substantial work had been done on the car) that it realised the car's pre-accident market value was lower than first thought. At that point, esure thought it was too late in the process to stop the repairs.

I think that clarifies the confusing explanation esure had previously provided. The file shows that until esure's engineer made the error of sending Mr K a cheque, Mr K had been advised throughout that the car would be repaired. He made it clear part way through the claim that he wanted it to be written-off, but esure was also clear in saying it wouldn't agree to that.

I can see why Mr K was so concerned that the car might not be safe to drive even when repaired. It had sustained a fair amount of damage in the accident - and presumably, he knew it had been written-off previously. In my opinion, esure may have decided not to have it repaired had it been realised at the start that the car's true pre-accident market value was around £5,000. But I don't think that means Mr K has lost out.

It was always esure's decision whether or not to repair the car, as long as it could safely be returned to the road, which esure believes is the case. And Mr K's main concern was the damage to the radiator, which was replaced. So although he wasn't happy to have the car back, in the circumstances here, I don't think it was unreasonable for esure to continue with the repairs. As long as they were done to the right standard, I think that should have put him back in the position he was in before the accident.

It's unfortunate that esure's engineer raised Mr K's hopes by sending him a settlement cheque. esure says that was due to the large amount of correspondence on the file and the fact that the engineer was working from home at the time. The two valuations for the car may also have played a part. But I think esure was entitled to withdraw the settlement offer when it realised the engineer had made a mistake. I think its payment of £100 compensation for distress and inconvenience for the error was adequate. Mr K has had no financial loss as a result of it (except for the cost of DVLA correspondence, which esure agreed to reimburse).

Although I understand how disappointed Mr K must have been after the offer was withdrawn, I don't think he's shown that esure acted unreasonably in relation to his claim, so I can't uphold his complaint.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 22 February 2021.

Susan Ewins

**Ombudsman**