

The complaint

Mr T had a motor insurance policy with esure Insurance Limited when his car was damaged in an accident. He says esure provided very poor service to him after he reported it.

What happened

Mr T told us that he advised esure in November 2019 that another car had driven into his cherished vehicle and that the other driver was entirely to blame for the accident. The other driver fled the scene, but Mr T got his car's registration plate number. He told us he made it clear to esure that he wanted it to pursue the other driver and claim on *his* policy, and that he wanted to retain his car.

esure's agent collected Mr T's car in order to assess the damage to it and esure contacted the other insurer. Mr T then received a cheque for £550 from esure in December 2019 with no explanation. He contacted esure to say he hadn't made a claim – and he didn't cash the cheque, or a further cheque he received later on. Mr T later reminded esure's engineer that he wanted his car back, due to its sentimental value, so esure put a 'hold' order on it.

In April 2020, the other driver's insurer finally admitted full liability for the accident, but when esure contacted its agent to get the car back, it found it had been sold in error. As esure couldn't retrieve the car, Mr T said he wanted a brand-new car (or its cash value). When esure only offered him the car's market value, plus £450 for its error, and £150 for other poor service, Mr T complained to us.

Our investigator thought esure had offered Mr T a fair sum representing his car's market value (minus the policy excess, which was later sent to Mr T) and had accepted that it had provided very poor service to him. The investigator thought its offer of £600 compensation in total for distress and inconvenience was reasonable.

Mr T said the investigator hadn't understood the amount of distress he'd faced as a result of esure's poor service, especially when he hadn't made a claim on his policy. He also said esure hadn't paid him enough for the car, and he thought it had profited from the car's sale, as the other driver's insurer had paid the claim, not esure.

As there was no agreement, the complaint was 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.

Mr T told esure from the start that if he couldn't claim off the other driver's insurance, he didn't want to make a claim on his own policy. I think that was understandable, as the accident wasn't Mr T's fault and he didn't want his no claims discount ("NCD") to be affected. He was told by the advisor that he could contact the other insurer directly or alternatively esure would contact the other insurer and he could decide what to do later on, after the car

had been assessed. But for whatever reason, esure dealt with the claim on his policy when Mr T hadn't said he wanted it to do that, so the issue is how he was affected by it.

Had he claimed on the other driver's policy, Mr T would eventually have been offered the market value for his car by that insurer, without a deduction for the policy excess. He could have discussed the valuation with it, but I think it's unlikely he'd have been offered more for the car than esure paid him. The other insurer is very likely to have relied on the valuations in the national trade guides, just as esure did, as that's standard practice. The trade guides base their valuations on extensive research of likely selling prices for cars nationwide.

As Mr T wouldn't then have made a claim on his own policy, his NCD wouldn't have been affected. But when the other insurer accepted liability in April 2020, esure sent the policy excess to Mr T and his NCD was restored. So I don't think he lost out financially as a result of esure dealing with the claim, although I understand why he wasn't happy with the process.

Mr T has said several times that esure only paid him a third of what he considered to be the car's value, although he hasn't explained the basis for that opinion. Mr T was entitled to the car's pre-accident market value. We think the fairest way to establish market value is to rely on the valuations set out in the trade guides. esure's engineer consulted them and Mr T was offered £1,110, which was in line with the valuations the engineer found.

We've checked the valuations in the trade guides esure used, plus those in another two trade guides that it didn't use. All the valuations were very close together and the highest one was £1,113. So I think esure made a fair market value offer to Mr T. Had Mr T been able to retain the car, a significant salvage deduction from the market value sum would have been made for that, in line with standard industry practice.

Understandably, Mr T had a strong emotional attachment to the car, as it belonged to his late mother. He suggested to esure that - although the car was irreplaceable - providing him with a brand-new one would go some way towards acknowledging its sentimental value. He later told us that the suggestion was made in order to arrive at a compromise about the valuation and that he didn't really expect esure to pay him the sum he'd proposed.

I have no doubt that the car's value to Mr T was far greater than its market value, but Mr T's entitlement (from esure or from the other insurer) was limited to the market value. Mr T could have discussed the valuation with the engineer earlier had he replied to the text sent to him by esure advising him of its offer and inviting him to accept or decline it. The text was sent before the cheque was issued to Mr T in December 2019 - and the payment was only made because esure thought he'd accepted the offer (as there was no reply to the text).

When Mr T first complained about the valuation, the engineer said he could cancel the claim and Mr T could have the car back - or it could be left with esure's agent (on hold) until liability for the accident was sorted out. Mr T didn't say he wanted the car back then, so it remained with esure's agent, with an instruction not to sell it. In further conversations with esure in January 2020 - when Mr T pointed out that he'd never made a claim - he was told he could destroy the cheque esure had sent him and have the car back. Mr T said he wanted esure to continue to pursue liability and didn't ask for the car to be returned. So I think esure gave Mr T options if he wasn't happy with the way the claim was being handled.

The other insurer didn't accept liability until April 2020. In May 2020 when esure's engineer told Mr T the car would be returned to him, he didn't know it had been sold in error. Mr T thinks esure lied to him, but I don't think there's any evidence that it did. As the new owner bought the car in good faith, esure couldn't get it back, so the only way it could try to deal with the agent's error was by offering Mr T compensation. I think £450 was a fair offer. A

new car would have cost around £22,000. Mr T hasn't said how far he'd have been prepared to compromise on that sum, but I don't think it was unreasonable for esure not to negotiate.

esure had already offered Mr T £150 for the poor service he got when trying to contact it. For part of the period, that was caused by problems relating to the pandemic. But esure accepted that it should have offered Mr T better service. I think £150 was a reasonable sum to make up for the distress and inconvenience caused to Mr T by the initial poor service.

I don't think Mr T can show that esure profited from the claim. The other insurer would have refunded esure's outlay, once it accepted full liability for the accident. But esure would have had to pass on to the other insurer the proceeds of the car's sale, in exchange for the sum that insurer had refunded esure for the payment it had made to Mr T

In my opinion, esure tried to put Mr T back in the position he was in when he first contacted it. esure paid him the pre-accident market value for the car, later returning the policy excess and restoring his NCD when liability was resolved. It compensated him for its poor service with a total payment of £600. We think that's a substantial amount - and it's in line with the sum I'd have required esure to pay Mr T had it not done so already. In addition, esure apologised to Mr T for the loss of the car in its correspondence with him.

I appreciate that Mr T was very badly affected by the loss of the car in particular, and I sympathise with the situation he's had to deal with. But given its sentimental value, the car's loss can't be compensated for in monetary terms. I think esure made a fair attempt to put matters right, and to acknowledge Mr T's distress. So although I know Mr T will be disappointed with my decision, I don't think it would be reasonable to 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 T to accept or reject my decision before 7 May 2021.

Susan Ewins
Ombudsman