

## The complaint

Mr A complains esure Insurance Limited, trading as Sheila's Wheels, haven't offered a fair value for his car under his motor insurance policy after it was deemed a write off. He's also unhappy esure didn't provide a courtesy car in a timely fashion.

## What happened

On 18 December 2020 Mr A was unfortunately involved in an accident – and ultimately his car was deemed a total write-off. esure offered £6,904 as a fair market value for the car, minus the £150 excess, which he didn't think was fair based on the industry guide figures esure had provided to him. He'd calculated it as £7,950 – which was the average value of the guides coming in at £9,005, and his car previously being a category D write-off (as opposed to category C as esure had said) meaning you could take 10% off, and then the excess of £150. Because he didn't think this was fair, he was asking esure to pay a further £1,196.

In relation to the courtesy car, he added that it took almost a month, from 18 December 2020 to 14 January 2021, before he was given one.

In their response to Mr A's complaint esure explained they'd looked at all four trade guides, which showed the values of:

- £9,450
- £8,560
- £8,572
- £8,759

They said if one guide is significantly higher or lower, then they think it's reasonable to ignore it. Because of that, they disregarded the first figure, and came up with an average of £8,630. They added they'd noticed Mr A's car had previously been a category C total loss. They said this has an effect on the market value, and that our service says not to remove more than 20% - so taking that off it gave a figure of £6,904, minus the excess, which they said they'd be sending through in a cheque. They also said sorry for the issues regarding the hire car and paid £100 compensation for this.

Unhappy with this Mr A asked us to look into things – also saying he'd not received his £100 compensation cheque yet.

Our investigator considered everything and felt esure had offered a fair valuation for the car. So, he didn't uphold that element of Mr A's complaint. But he felt esure should have done more regarding the hire car issue – and felt an additional amount of £175 was fair, bringing the total compensation for that issue to £275.

esure accepted the outcome of our investigator.

Mr A agreed with the compensation, but didn't agree about the valuation, so the complaint's been passed to me to decide.

## **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 A, and esure, have both accepted the amount of compensation recommended by our investigator. I've seen nothing to suggest that would result in an unfair outcome for either party, so I'll move on to focus on the total loss element of the car.

I've firstly satisfied myself that the car is a total loss as esure have said – and I can see that the total cost of repairs came out to £6,973.54. Mr A isn't disputing that, and again I've seen nothing to suggest this is wrong. So, moving on to the valuation of Mr A's car which, if it's what esure have said, then it would be a total loss.

Mr A's policy will pay the market value of his car at the time it's deemed a total loss. It'll help to explain that it's very difficult to value second hand cars and it isn't the role of our service to value Mr A's car. But our general approach is that we look to assess whether the insurer's offer is reasonable.

To do this, we look at valuations from motor trade guides – as esure and our investigator have explained. These are used for valuing second hand cars. The guides take into account regional variations and they provide evidence of likely retail selling prices – and therefore provide us with a fair market value for the type of car being assessed.

I've looked at the valuations used by esure. The correct registration, mileage and type of car has been input – so I think they've carried out the valuations correctly. And, I do think it's appropriate to set aside one of the guides if the valuation is significantly out of step with the others – as esure have done. So, I don't think they've acted unfairly in doing that.

Because of that the market value figure being £8,630 has been calculated fairly – prior to considering the fact Mr A's car was previously written off.

esure have deducted 20% from the claim because of this. Mr A knew his car had previously been deemed a write-off, and when thinking about the value of a car it can be affected as a result of it having been repaired before – so I don't think esure have acted unfairly on this point either.

That means from the original market figure of £8,630 taking off 20% which is £1,726, leaving a total figure of £6,904. And, of that figure, the excess of £150 does need to be taken off. I've noted esure did say in their complaint response to Mr A in January 2021 they'd send him a cheque for his car, and he's not said he didn't get it. The valuation then of £6,904 (minus the excess) does mean the car should be deemed a total loss – as it'd cost more to repair than it's worth.

Overall then, I'm satisfied esure have offered a fair settlement for the value of Mr A's car, but I do think they need to pay the additional amount of compensation of £175 our investigator recommended – bringing the total to £275. I've noted Mr A has said he's not received the £100 compensation esure previously said they'd pay him even though they've said they sent it. If he wishes to dispute this, he may want to get in touch with esure following my decision to discuss matters.

## **My final decision**

I partially uphold this complaint, and require esure Insurance Limited, trading as Sheila's Wheels, to have paid a total of £6,904 (minus the £150 excess) for the value of Mr A's car, and total compensation of £275.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 30 September 2021.

Jon Pearce  
**Ombudsman**