

The complaint

Mr P complains that esure Insurance Limited undervalued his car following a claim on his car insurance policy.

What happened

Mr P was hit by a third party so claimed on his policy with esure. esure reviewed the claim and accepted it but said Mr P's car would be what is known as a "total loss" due to the extent of the repairs needed. Because of this esure offered Mr P £9,841 as the market value for his car. esure then deducted £1,052 from this as they said Mr P's car had pre-existing damage which would cost £2,104 to repair.

Mr P didn't think this was fair and complained as he said esure hadn't offered him enough. He also said there wasn't pre accident damage to his car. esure reviewed the complaint and didn't uphold it. They said they'd used four commonly used trade guides to value his car and as their offer was within this range, thought their offer was fair. They also said due to the damage on Mr P's car it was fair for them to deduct 50% of the repair costs from what they'd pay. Mr P didn't agree and brought his complaint here.

Our investigator reviewed the complaint and recommended it be upheld. He found that esure's valuation was in line with the motor valuation guides. However as Mr P's car was 8 years old and had covered over 130,000 miles, he didn't think esure had done enough to show the damage was more than you'd expect on a car of similar age and mileage to Mr P's.

esure didn't agree, they said there was a previous poor repair, the wheels had been curbed and there were other repairs needed which they thought was more than normal wear and tear.

As esure disagreed the complaint has come 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.

Our service doesn't value cars. Instead we check to see that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we tend to use relevant trade guides. I usually find these persuasive as they're based on nationwide research of sales prices.

esure gave the values of the trade guides used but didn't provide evidence of those values so I've not been able to check them. I've therefore re-run the valuations through the three trade guides we use, and they've given values of £8,700, £9,575 and £10,028. esure have valued Mr P's car at £9,841. As this is within the range of the guides, I'm satisfied it's a fair and reasonable valuation for esure to reach in this particular case.

I've also considered Mr P's points about the deductions esure has made to the valuation.

esure have provided photos of the damage and an engineer's report to say what it would cost to put them right. And while I agree there are areas of damage to Mr P's car, such as curbed alloys and marks on the bodywork. I'm also conscious that Mr P's car was 8 years old and had covered over 130,000 miles at the time of loss. And from looking at the pictures of the damage and esure's comments I'm not persuaded they've done enough to show the damage is more than you'd expect for a car of its age and mileage. It follows that I'm not persuaded it's fair and reasonable to make this deduction.

To put things right the fair and reasonable outcome is for esure to remove the deduction for pre-existing damage from Mr P's claim. esure should therefore pay this amount along with any outstanding amounts to Mr P. To compensate Mr P for not having the money esure should also add 8% simple interest per year to what they pay Mr P, calculated from the date of claim until the date of settlement.

My final decision

For the reasons explained above, my final decision is that I uphold this complaint. I require esure Insurance Limited to remove the deduction for pre accidental damage from Mr P's settlement and pay him any outstanding amounts, subject to the remaining policy terms and conditions. esure Insurance Limited also needs to add 8% simple interest to what it pays, calculated from the date of claim until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 28 June 2022.

Alex Newman
Ombudsman