

## **The complaint**

Ms M has complained about the settlement she received for her written off car when she made a claim under her car insurance policy with esure Insurance Limited.

## **What happened**

Ms M made a claim under her car insurance policy following an incident and as a result her car was deemed to be a total loss. So esure settled Ms M's claim by paying a market value settlement for it.

Ms M said the settlement wasn't fair and she wanted esure to pay more. esure said it had correctly reached its valuation for her car and so didn't increase the settlement.

Unhappy with esure's response to her complaint, Ms M asked us to look at things for her.

Our Investigator first thought esure had acted reasonably. He found the valuations esure had relied on when reaching a valuation was in line with his checks of the main motor trade guides.

Ms M didn't agree. She said esure's valuation wasn't based on the correct make, model and specification of her car.

On further review with esure, the Investigator agreed that this was the case. And so he carried out a revised valuation check based on the correct make and model of Ms M's car. Due to the age of the car, only one of the main motor trade guides was able to provide a valuation. This was for £911.

As this was more than esure had paid Ms M, the Investigator recommended esure increase the valuation settlement to £911, paying interest on the difference at 8% a year simple interest. He also recommended esure pay Ms M £100 compensation for the distress and inconvenience caused in failing to provide a valuation for the correct car.

esure accepted the Investigator's findings. Ms M didn't agree. She isn't satisfied with the increase in settlement and is unhappy about how long it's taken to reach this point in her complaint.

esure issued payment to Ms M in line with the Investigator's recommendations. The Investigator let esure know Ms M isn't satisfied with the view and wants an ombudsman's decision. esure has apologised for its error and agreed to cancel the cheque payment.

## **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.

We don't decide a valuation. But we look at whether an insurer has reached its valuation reasonably and in line with the policy.

Ms M's policy with esure says the most it will pay in the event of a claim is the market value of her car at the date of loss. It defines the term 'market value' as:

*"the amount you could reasonably have expected to sell your car for on the open market immediately before your accident or loss. Our assessment of the value is based on cars of the same make and model and of a similar age, condition and mileage at the time of accident or loss. This value is based on research from motor trade guides including: Glass's, Parkers and CAP. This may not be the price you paid when you purchased the car."*

We have a long standing approach to valuation complaints. We find the main motor trade guides are generally reliable in establishing a valuation for a standard car. By 'standard' I mean not a specialist or classic car. The guides are based on likely selling prices for the same make, model, specification, condition and mileage as Ms M's car.

Due to the age of Ms M's car at the date of loss, not all of the main motor trade guides offered valuations.

I agree with Ms M that the make and model of car esure relied on when valuing her car was incorrect. And so I think it didn't provide a fair valuation for her car.

Having checked the remaining guide which did provide a valuation, this was for £911. This is based on the retail transacted price – so the price Ms M - or anyone - would expect to pay for a car similar to hers at a retail garage.

Ms M says she believes her car is worth between £1,300 and £1,500. I haven't seen any evidence to contradict the valuation of £911. Advertised prices can vary widely as they are the price a consumer or business sets for what they think the car is worth. And those prices tend to have a margin built in to allow for some negotiation on the final price.

So I think a fairer outcome is for esure to increase the valuation it paid of £800 to £911. And to put things right for the loss of funds for Ms M for this period, I think esure should pay interest on the difference at a rate of 8% simple interest a year from the date of the claim to the date it pays.

I think esure's error in providing a valuation based on the wrong car has caused Ms M inconvenience. I think that – even if esure had used the correct car in its valuation – Ms M would have still brought her complaint to us as she believes her car is worth much more. So I don't think esure's error is the reason why Ms M brought her complaint to us. But I think esure should pay some compensation for the error it made. I therefore think £100 is a reasonable sum, taking everything into account.

So I'm upholding Ms M's complaint.

### **My final decision**

For the reasons I've given above, my final decision is that I uphold this complaint. I require esure Insurance Limited to pay the difference to bring the total loss settlement for Ms M's car to £911.

esure should pay interest on the difference from the date of the claim to the date it pays Ms M at a rate of 8% simple interest a year.

esure should pay Ms M £100 compensation for the distress and inconvenience caused by failing to value the correct vehicle.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 11 April 2022.

Geraldine Newbold  
**Ombudsman**