

The complaint

Mr K complains that esure Insurance Limited mishandled his claim on his motor insurance policy.

Where I refer to esure, I refer to the insurance company of that name and I include claims-handlers and others insofar as I hold esure responsible for their acts or omissions.

What happened

The subject matter of the claim and the complaint is a luxury sports coupe first registered in about 2013. It had a very large and powerful V8 engine.

For the year from August 2021, Mr K had the car insured on a comprehensive policy with esure. Any claim for damage to the car was subject to an excess totalling £1,250.00.

Unfortunately, there was an incident in February 2022, after which esure said the car was a total loss. So esure assessed the pre-loss market value of the car. From the trade guides, it found retail valuations as follows:

Glass's	£24,150.00
Parkers	£26,380.00
CAP	£26,730.00
Cazana	£29,236.00

esure disregarded the Cazana valuation as an outlier and used an average of the other three – that is £25,753.00. After deducting the excess of £1,250.00, esure sent Mr K a cheque for £24,503.00.

Mr K told esure that he disagreed with its valuation. By a final response dated 24 February 2022, esure turned down the complaint. Mr K brought his complaint to us in March 2022.

Our investigator recommended that the complaint should be upheld. She thought that a fair settlement offer would've been £26,555.00, the mid-point of the Parkers and CAP valuations of £26,380.00 and £26,730.00.

The investigator recommended that esure should:

1. increase its valuation of Mr K's vehicle to £26,555.00. The settlement of the claim should be this sum, less the £1,250.00 policy excess. So Mr K's final settlement payment should be £25,305.00. In the event Mr K had not yet cashed the settlement cheque, esure should issue a new cheque in this sum. If Mr K had cashed the settlement cheque, esure should pay him the difference between the original settlement offer and £25,305.00; and
2. in any event, esure should also pay Mr K interest at a rate of 8% (simple) per annum on the difference between the original offer and the revised figure, to compensate him for being out of pocket by that sum from the date of the original offer until the

date of settlement.

Mr K agreed with the investigator's opinion.

esure disagreed with the investigator's opinion. It asked for an ombudsman to review the complaint. It says, in summary, that:

- From all four guides, the fair value range is £24,136.00 - £29,236.00.
- Its value of £25,573.00 was fair as it fell within the fair value range.
- It would agree to increase it to make it fairer in the eyes of the Financial Ombudsman Service – if we treat it as a negotiated outcome and do not record it as a change in outcome.

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.

The Financial Ombudsman Service expects insurers to assess market value by reference to retail prices in the trade guides. Those guides are based on extensive research of likely selling prices. We regard them as more reliable evidence than advertisements as they contain asking prices that may be negotiated downwards.

The esure policy terms included the following definition:

"The market value is 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..."

I'm satisfied that esure had the correct details of Mr K's car including its make, model, age and recorded mileage.

Rather than sending a cheque in full and final settlement, I would expect an insurer to make a payment on account where the valuation was in question. By its letter dated 24 February 2022, esure said:

"Accepting our cheque won't affect you if you want to progress your complaint further".

Mr K has shown us esure's letter dated 25 February that enclosed the cheque "in full settlement". But I'm satisfied that Mr K could've paid in the cheque without affecting his rights, including his right to bring his complaint to us.

Parkers contains live but not historic valuations. As esure used it in the same month as the loss, I don't find that esure acted unfairly by including the Parkers valuation.

The Glass's valuation was about £2,200.00 away from the nearest of the other valuations (Parkers £26,380.00). The Cazana valuation was about £2,500.00 away from the nearest of the other valuations (CAP £26,730.00) So I don't consider that esure acted fairly by saying that the Cazana valuation was out of line – without saying that the Glass's valuation was also out of line.

I've thought about whether there's an even spread between all of the guides, so that any valuation within the range between about £24,000.00 and about £29,000.00 would be reasonable.

However, in the context of a car that was older and rarer than most, I don't agree that £25,573.00 was fair. Keeping in mind the likely difficulty of securing a like-for-like replacement, I find that a fair valuation of the car would've been £26,555.00.

Putting things right

So I find it fair and reasonable to direct esure to pay Mr K – in addition to the £24,503.00 it sent him in February 2022 – a further sum calculated as follows:

This new valuation	£26,555.00
Less excess	£ 1,250.00
Less paid	£24,503.00
Balance to pay	£ 802.00

As Mr K has been kept out of that balance unfairly since February 2022, I find it fair and reasonable to direct esure to pay interest on it from the date of his claim to the date of payment of that balance.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint. I direct esure Insurance Limited to pay Mr K, in addition to the £24,503.00 it sent him in February 2022:

1. a further £802.00; and
2. simple interest on that amount at the yearly rate of 8% from the date of his claim to the date of payment of that amount. If esure considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr K how much it's taken off. It should also give Mr K a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 5 August 2022.

Christopher Gilbert

Ombudsman