

The complaint

Miss J has complained about the way esure Insurance Limited trading as Sheilas' Wheels car Insurance handled her claim under her motor insurance policy.

What happened

Miss J was in an accident and her car was damaged. She was going to arrange for it to be repaired without involving esure. However, she later decided to make a claim under her policy. esure arranged for her car to be taken to one of their authorised repairers. The repairer provided Miss J with a courtesy car. Miss J was initially sent a text message by the repairer to say her car should be repaired fairly quickly. But she then received a message to say it would be written-off. She contacted esure to check this and they confirmed they had decided to write off her car.

esure offered the repairer the option to repair the car at a repair cost of £3,146.85. But the repairer declined this, as it didn't think it was economically viable to complete the repair for this amount. So, esure decided to leave it as a write-off. They made an initial offer to settle Miss J's claim based on a pre-accident market value of £3,873. This reflected a deduction of £238 for pre-accident damage. This meant they offered Miss J £3,573 after the £300 policy excess had been deducted. Miss E told esure she wasn't happy with this offer and that she wanted to retain her car and get it repaired. esure then increased their valuation to £4,126. They told Miss J she could retain her car, but they would deduct £1,684 to cover what they would lose as a result of not being able to sell the damaged car to their salvage dealer. Miss J eventually decided to take what esure had offered and have her car back to get it repaired.

Miss J then called esure to say the garage had told her they wanted their courtesy car back and would be collecting it that afternoon. And that if she wanted her car back she'd have to collect it, as they'd stripped it.

esure called the repairer to find out what had happened and tell them they should be rebuilding the car, as Miss J was keeping it. The repairer said they'd had to cut the bonnet on Miss J's car, as they couldn't get it open, the lights didn't work and there was damage to the radiator. And if she wanted the car back Miss J would have to sign a disclaimer and arrange collection herself.

esure told Miss J what the repairer had said. She was unhappy about this and explained the car had been inspected by her repairer after the accident and there were no issues with the bonnet or lights, it didn't have any warning lights on and it drove fine. The claim handler arranged for esure's motor engineer to call Miss J. He did this and Miss J explained that she felt the repairer had caused problems and had caused more damage to her car, which meant she was now unable to drive it. The engineer called the garage and got them to let Miss J keep the courtesy car for one more night. He called Miss J back and explained this to her. She was happy about the fact she could keep the courtesy car for one more night and asked the engineer to send her a picture of the car showing what condition it was currently in.

Miss J has said the repairer then came and collected the courtesy car the next day whilst

she was asleep and sent her a text to say they'd done this and that she'd need to return the keys. She decided to take the keys back in person and to look at the condition her car was in when she did so. She's said when she got to the repairer they were very apologetic and told her all the damage to her car had been done under the direction of esure. They explained they'd been told to cut the bonnet to get into the radiator.

Miss J wasn't happy and spoke to the engineer again. She explained she was given the impression her car would be repaired by esure's approved repairer. And – if she'd known it was going to be written-off, she'd have arranged for it to be repaired herself. She told him that she'd arrange for her repairer to pick up the car, as esure's repairer had said that it was costing them £25 per day to keep it.

Miss J complained to esure about the additional damage to her car when she got it back and the fact she was led to believe by the repairer that her car would be repaired. esure sent a final response letter to Miss J referring to the fact their engineer had spoken to her to explain the process for estimating the cost of the repairs to her car and why it had to be stripped. And esure also apologised for any confusion caused by the message she received saying her car was going to be repaired.

Miss J still wasn't happy and complained to us. When doing so she said she wasn't happy about the fact she'd been told her car was going to be repaired, only later to be told it was a write-off. And she explained she was unhappy the repairer had caused more damage to it. She also said she was unhappy that the settlement amount she was offered for her car by esure was not enough for her to afford to buy a suitable replacement. She added that she was unhappy that the courtesy car was picked up from her without her knowledge.

One of our investigators considered Miss J's complaint. He said esure's valuation was fair, but he didn't think they were entitled to deduct £238 for pre-accident damage. He also thought esure had deducted too much to reflect the salvage value and suggested they should refund £193 to reflect this. But he didn't think esure or their repairer had done anything wrong with regards to their communication prior to writing off Miss J's car, the additional damage to it or in respect of the courtesy car.

esure weren't happy with the investigator's view. They felt he'd addressed things Miss E hadn't complained about to them; specifically the valuation of her car, the amount they'd deducted for salvage and the issues with the courtesy car. And they said that – irrespective of this – they didn't agree there was anything wrong with the deductions for pre-existing damage or the salvage value.

The investigator went back to esure to explain Miss J had complained about the valuation of her car when she complained to us and she'd raised concerns about the salvage value and the courtesy car with esure prior to them issuing their final response. So he felt it was appropriate to address these issues. He then issued a further assessment in which he said he now accepted that esure was entitled to deduct £238 for pre-existing damage, but he still didn't think what they had deducted for the salvage value was fair.

esure didn't agree regarding the salvage value and asked for an ombudsman's decision.

I reviewed the complaint and wrote to esure to say that I thought they should pay Miss J a further £704.85 to reflect the fact they were willing to pay £3,146.85 to their repairer to have her car repaired. I explained that I didn't think they should have made a deduction for pre-accident damage, but – even allowing for this – the market value they'd used to settle Miss J's claim was appropriate. I also said they should pay Miss J £100 in compensation for the distress and inconvenience caused to her by their failure to manage her expectations at the outset and by their repairer collecting the courtesy car without telling her. esure haven't

agreed to do what I suggested and so I am issuing this final decision.

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.

I agree with Miss J that esure didn't manage her expectations very well at all. Their repairer sent her a message indicating her car would be repaired on 11 August and if this date changed they would let her know. So, she understandably assumed this was what was happening. It wasn't until 19 August that she got messages telling her that her car would be written-off. One of these had a link to the valuation for it. I don't think this process was helpful, as Miss J was never told her car would need to be fully inspected before esure could confirm that it was definitely going to be repaired. And I think the fact Miss J didn't know it might not be economic to repair her car and then suddenly found this out was distressing for her. And because I think this was due to poor management of expectations by esure and their repairer due to what I see as a poor communication process, I think esure should pay Miss J £50 in compensation for the distress she experienced because of this.

Miss J's policy states that if esure decide her vehicle is a total loss, which is the case when it is written-off, they will pay the market value. The market value is defined as the amount the policyholder could have reasonably expected to sell her car for on the open market. The policy also says if esure does this the insured vehicle will become their property. In reality the final offer esure made to Miss J was based on what it would cost her to replace her car in the retail market, not what she could have sold it for. This approach is in line with what I consider to be good industry practice. And I've checked the market value esure used in the guides used by car retailers and I think it was appropriate. I don't think they should have made a deduction for pre-accident damage, as the sort of things they referred to as this were really – in my opinion - just wear and tear for a car of the age of Miss J's car. But – they ended up with the correct market value for her car, which was over 10 years old and probably in below average condition for its age due to the dents in the doors in particular.

I should also make it clear that esure's decision to write off Miss J's car had nothing to do with the cost of repairing the dents and stone chips on her car. The estimate they got from their repairer did not include anything for these.

Once esure had decided Miss J's car was a write-off, they had the right to take possession of it because of what it says in Miss J's policy. And, if Miss J wanted to keep it, esure had the right to deduct what they would have got for the damaged car from their salvage dealer. This is because they shouldn't lose out financially when agreeing to waive their right to rely on the policy terms and let Miss J keep her car. And – in this situation – if they don't deduct what they'd have got from their salvage dealer they would lose out.

In Miss J's case, esure have shown they would have got £1,684 and this is why it deducted this amount and the policy excess and paid Miss J £2,142. However, this all assumes that it was fair and reasonable for esure to write off Miss J's car. And I don't think it was. This is because they were willing to pay their approved repairer £3,146.85 to repair it. And, in view of this, I think to treat Miss J fairly, once they knew she wanted to have her car repaired they should have offered her this amount less the policy excess i.e. £2,846.85 or agreed to pay it to her repairer. I say this because if esure were willing to pay this amount to their repairer to have the car repaired, I can't really see any reason why they shouldn't have been willing to pay this to Miss J or her repairer.

Therefore, I think that as part of the fair and reasonable outcome to Miss J's complaint, esure should pay her the difference between the £2,142 they paid her and £2,846.85 i.e.

£704.85. esure put a salvage marker on Miss J's car when they decided to stick with their decision to write it off. And, I'm not going to ask them to remove this, as their repairer said they couldn't repair the car for the amount suggested, so technically it was still a write-off.

As I mentioned earlier, Miss J has told us when her car was inspected before it went to esure's repairer the bonnet could be opened and the lights worked, whereas when she got it back from them the bonnet had been cut open and the lights didn't work. However, I doubt this had much impact on the cost of the repairs to Miss J, as the bonnet was quite badly damaged anyway and needed to be replaced and this would have involved work on the lights. So, I don't think esure needs to pay anything extra for these items.

Miss J has said esure's repairer collected the courtesy car whilst she was asleep and asked her to then return the keys. The repairer's records don't really show whether this was actually the case. But, I've got no reason to doubt Miss J's testimony to this effect. And I think the repairer's actions were inappropriate and this caused Miss J distress. esure are responsible for this, so I think they should pay her a further £50 in compensation to reflect it.

Putting things right

For the reasons set out above, esure should pay Miss J £704.85 towards the repairs for her car and a total of £100 in compensation for distress and inconvenience.

My final decision

I uphold Miss J's complaint and require esure Insurance Limited trading as Sheilas' Wheels car Insurance to pay her £704.85 for the repairs to her car and £100 in compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 19 October 2022.

Robert Short
Ombudsman