

The complaint

Mr P complains about how esure Insurance Limited has valued his car following a claim on his car insurance policy, about how it communicated with him during the claim and about how it took back its courtesy car.

Another company has been involved in the claim but, as esure is responsible for Mr P's complaint, I'll mostly referred to esure in this decision.

What happened

Briefly, Mr P was involved in a car accident and made a claim on his car insurance policy. esure said Mr P's car was a total loss and valued it at £1,209. esure then made a deduction of £50 from this amount because the car didn't have a valid MOT at the time of the accident.

Mr P says esure's valuation was *"way under current market value for vehicles with similar mileage, specification & condition to mine"*. He says his research showed *"most vehicles with good bodywork & service history are advertised from anywhere between £2,200 and £4,000"*. And he gave esure half a dozen or so adverts to support his view.

esure told Mr P its approach to car valuations is to compare the selling price of similar cars in the specialist on-line motor trade guides. esure said it could only get valuations from two of these guides. So it had taken the average of these two to reach a figure of £1,209, from which it then deducted £50 for the MOT.

Unhappy with the valuation, Mr P complained to us. He also complained he'd had minimal contact from esure during the claim and his courtesy car had been withdrawn without notice.

The investigator who looked at Mr P's complaint didn't uphold it. He said esure based its valuation on the correct motor trade guide evidence. He thought its £50 deduction for the MOT was reasonable, because Mr P's policy said esure could reduce his claim if his car wasn't in a roadworthy condition. Our investigator didn't think there'd been any significant and avoidable delays in how esure dealt with Mr P's case. He also said, under Mr P's policy, esure could withdraw the courtesy car once it declared his car a total loss.

Mr P disagreed. He said the guide prices for his car model were wrong. He said the £50 deduction wasn't fair. He also said esure washed its hands of his claim within seven days and his courtesy car was taken away without notice.

In my provisional decision of 5 October 2022, I explained why I intended to uphold parts of Mr P's complaint. Mr P says he doesn't have any further evidence to add to my provisional decision. esure hasn't responded to it. So Mr P's complaint has come to me for a 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.

Having done so, and for the reasons I gave in my provisional decision, I've decided to uphold parts of Mr P's complaint. In my provisional decision, I looked at each of Mr P's complaint points and said as follows:

"Valuation

My role isn't to decide the value of Mr P's car – it's to decide if esure was fair and reasonable in reaching its valuation. This is a subtle distinction but it's an important one. And in looking at whether esure has acted fairly and reasonably, I must bear in mind that valuing a car isn't an exact science.

Our service has a long-established approach to car valuations in most circumstances. It looks, as esure says it does, at the valuations given by the specialist on-line motor trade guides. These are based on the selling price of similar cars, rather than their advertised price. In the case of Mr P's car, esure couldn't get valuations from two of the guides due to the age of the car. But it did get them from two other guides. One valuation was for £1,388 and the other was for £1,031 – and it averaged these out to get its valuation of £1,209.

Mr P has always been sceptical about esure's lower valuation. His car is over 20 years old and he says the particular guide in question doesn't value cars this age. Our investigator also couldn't get a valuation from this guide. So, recently, our investigator asked this guide to give us a bespoke valuation. It responded saying, as Mr P's car is "not available in our standard product due to being over 20 years old" it could only offer what it called an "opinion only bespoke valuation". It says this gives the car a retail transacted value of £1,850.

I don't know how esure got its valuation of £1,031 (if it can show me how it did, I'd like to know). But from what this guide has said to us recently following its bespoke valuation, I don't think the valuation esure got from it can be relied on.

That leaves just one valuation from an online specialist guide of £1,388. I don't think one valuation is enough to rely on to give a fair and reasonable value for Mr P's car. So, given the difficulty the guides have in valuing it and its age, I think I must also take into account the bespoke valuation we got of £1,850.

But, as this guide says, this is an "opinion only" valuation. The only other evidence on the possible value of Mr P's car is the adverts he's sent us. He got these immediately after the accident. They're for cars of a similar specification and similar mileage to Mr P's car. The advertised prices ranged from £2,195 to £3,995. By Mr P's own admission, the latter price is an outlier, with the others falling within the £2,195 to £2,595 range.

I'm conscious these adverts represent advertised, rather than selling prices. But I'm also conscious, as Mr P has said, there was a surge in demand for used cars and a reduced number of new cars being manufactured at the time of his accident. So the difference between advertised and selling prices may have been small. I also note Mr P says his car, with its optional specifications, is quite rare now and is also more desirable than some later models – and I think that's probably a fair assessment.

As I said at the outset, valuing a car isn't an exact science. But, from what I've seen so far and for the reasons I've given, I'm not persuaded the valuation esure gave Mr P is fair and reasonable. For me, in the unusual circumstances of this complaint, a fairer and more reasonable approach would be to take an average of the highest and lowest prices Mr P gave us (but discounting the outlier) – which would give a value of £2,395 – and then average that out with the bespoke valuation of £1,850. This would give a value of £2,122.50.

MOT

Mr P doesn't think it's fair esure deducted £50 from its settlement offer because his car didn't have a valid MOT. He says it had failed its MOT, had been repaired and was about to be re-tested when the accident happened.

But Mr P's policy has a condition saying esure can reduce his claim if his car isn't roadworthy. Mr P's car didn't have a valid MOT at the time, so I think it's fair and reasonable for esure to make this deduction.

Communication

Mr P is unhappy with how esure communicated with him. He says, among other things, whenever he phoned esure he was on hold for more than an hour and "never got a straight answer" from its call handlers.

I understand this was frustrating for Mr P. But long wait times for calls to be answered by financial businesses aren't that unusual. And since Mr P was disputing the valuation – while esure was maintaining its position – I don't think it's surprising these calls were difficult. I can see esure gave Mr P a settlement offer on his car within a week. And esure also updated Mr P on its progress in settling the claim with the third-party insurer.

So, looking at everything overall, I don't think esure did anything substantially wrong here.

Courtesy car

Mr P says the courtesy car esure gave him following the accident was taken away without notice. He says he should've been able to keep it until either he was paid out or was able to replace his car.

Mr P's policy says: "If we decide that your car is a total loss after providing the courtesy car, it will be withdrawn." That's what happened here, so I think esure was entitled to take the car back.

But I also think esure needed to make it clear to Mr P why this was happening and give him a reasonable timeframe within which to return the car. Mr P says he got an email from esure's car hire company saying his courtesy car would be taken back on the same date as the email was sent. He says the email also said:

"As your own vehicle was assessed as a Total Loss this timing includes a period of up to 7 days following receipt of the final settlement cheque that you are able to retain the hire vehicle.

If you have not yet received your settlement payment it is important that you let us know as quickly as possible so that we can extend your use of the hire vehicle in line with this."

Mr P says he hadn't got a settlement cheque and so should've been entitled to keep the courtesy car. But he says, when he called the car hire company, it told him esure had terminated the hire. I'm not entirely sure when the car was taken back – in his complaint form, Mr P says it was on the following Monday (the email from esure's car hire company having been sent on the Friday), while more recently he's said it was the following day. In any case, he says the car was taken back "without anyone having made any contact to arrange collection times/location, which left me stranded at work with no way to get home."

The situation here seems to have been a confused one. And I haven't seen the correspondence with esure's car hire company about this – apart from the email extract Mr P has given us – or any details of the calls that took place between it, Mr P or esure.

So further evidence might change my view on this. But based on what I've seen so far, I don't think esure's car hire company communicated clearly with Mr P about taking the car back or gave him reasonable notice that this was happening. From what Mr P says, this caused him distress and inconvenience – it seems he had to make various phone calls and says he was stranded at work. Because of this, it's my intention to direct esure to pay him £150 in compensation.

esure has said the car hire company is an independent third-party company. But esure arranged the courtesy car so, for the purposes of this complaint, the car hire company was esure's agent."

As I've mentioned, Mr P doesn't have anything to add to my provisional decision and esure hasn't responded to it. And having looked at everything again, I can't see any reason why I should change my provisional findings and conclusions.

My final decision

For the reasons given in my provisional decision of 5 October 2022, which now form part of this final decision, I uphold Mr P's complaint and direct esure Insurance Limited to settle Mr P's claim based on a valuation of £2,122.50 (minus £50 for the MOT), together with interest at the rate of 8% a year simple from the date of loss to the date of payment.* I also direct esure Insurance Limited to pay Mr P £150 for the distress and inconvenience its handling of the return of the courtesy car caused him.

esure Insurance Limited should pay Mr P the compensation of £150 within 28 days of the date we tell it Mr P accepts my final decision. If it doesn't, it must pay interest at the rate of 8% a year simple from the date of my final decision to the date of payment.*

*If esure Insurance Limited considers it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr P how much it's taken off. It should also give Mr P 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 P to accept or reject my decision before 8 December 2022.

Jane Gallacher

Ombudsman