

The complaint

Mr E complains about how esure Insurance Limited (“esure”) valued his car in a claim under his motor insurance policy.

What happened

Mr E had a motor insurance policy with esure covering his car.

In April 2022, Mr E’s car was damaged when a third party collided with it when it was parked at the roadside. He made a claim to esure.

esure assessed the car and declared it as beyond economic repair. It said it would declare the car a write-off and assessed its market value.

Mr E didn’t agree with this valuation, so esure increased it to £8,497.

Mr E said his car had better than average condition with a full history. He says he was told by garages that a like-for-like replacement would cost him about £10,000.

esure didn’t agree and it settled Mr E’s claim. Mr E complained about esure’s service, and the valuation, and asked for the unused portion of his premium to be refunded.

esure agreed to pay Mr E £150 compensation for the poor service he’d had. Mr E has said he hasn’t cashed the cheque yet. In its final response, esure also said it would refund the unused portion of his premium when the third party admitted liability.

Mr E remained unhappy with esure’s decision and brought his complaint to this service. He asks that his car should be valued at around £10,000. He also asks for a refund of the unused portion of his premium. In his approach to this service, Mr E didn’t ask for esure’s service to be taken into consideration, so I’m not going to consider it further.

Our investigator looked into Mr E’s complaint and upheld it. He’d looked at various trade guides which said Mr E’s car had a value between £8,430 and £9,633. He said esure should settle Mr E’s claim at £8,975.

esure didn’t agree with the investigator’s view. It said our investigator had used a trade guide which wasn’t in use by the service in April 2022. Because esure didn’t agree with the view, it has been passed to me for a final decision.

I issued a provisional decision agreeing with our investigator’s view, but adding interest to the balance owed by esure to Mr E. My provisional decision is below:

Vehicle valuation

I’ve said above that esure gave Mr E a vehicle valuation of £8,497 and I can see from its evidence that it arrived at this figure by taking the average of three values from trade guides it uses. We think the trade guides are generally more persuasive in indicating the likely selling price of a car rather than adverts for similar cars, as the adverts give an advertised

price, rather than a selling price. It's important that I say we look to whether the insurer's offer is reasonable.

These guides use data from various sources to give what they consider to be the likely selling price for cars of a similar specification, age, mileage and condition at the time of loss.

In esure's evidence, I can see that it obtained the following values from the guides:

Company 1: £8,430

Company 2: £8,786

Company 3: £8,275

Company 4: £10,072

It's this service's approach that if any of the trade guide values are significantly different from the others, then it can be discounted. And I can see that esure removed Company 4 from its calculation, arriving at a final value for Mr E's car of £8,497.

I've done research into Mr E's car and I've found these trade guide values:

Company A: £9,633

Company B: £9,063

Company C: £8,775

Company D: £8,430

It's esure's contention that Company A's value shouldn't be used by this service, because it wasn't a guide being used by us then.

I appreciate esure say it's not reasonable for this service to use a trade guide that wasn't part of our approach at the time of Mr E's claim. I would generally agree with this if I thought esure had made a fair offer at the time. But I'm not satisfied esure did fairly value Mr E's car, because if I remove Company A's value from my list, the figure I get is still higher than esure's valuation.

So, I think it's reasonable for me to use all the information and evidence available to me today to arrive at a fair valuation, given I've said I don't think esure's valuation is adequate.

I don't regard any of the four companies A to D as being an outlier, so taking the average of the four figures above, I think a fair settlement would be £8,975.

So, to put things right for Mr E, esure should make an additional payment to him of £478, which is £8,975 less £8,497. esure should also add 8% simple interest from the date the claim was initially settled to the date the payment is made.

I've noted Mr E was told by garages that he would need to spend nearer £10,000 to be able to replace his car, which is above the figure I've just reached. As I've mentioned above, we normally consider that the valuation tools give a more accurate figure for market values, as they are based on likely and actual selling prices, advertised prices and other data.

I haven't seen any evidence that persuades me I should disregard the values given by the valuation tools in favour of a garage's valuation.

Premium refund

Mr E has asked that the unused portion of his premium is refunded to him. I can see in esure's policy that it says:

"If we decide your car is a total loss:

- We may reduce the claim payment by taking the balance of the full annual premium you still owe us."*

It seems to me that this indicates esure would keep the full premium following a total loss payment. This is a common approach in insurance as it effectively means that Mr E has "used" his policy.

But I can also see that esure has confirmed to Mr E that it will refund the unused portion of his policy if the third party who hit his car admits liability for it. This situation would normally mean esure is able to recover its costs, which can mean that some insurers make a refund of some payments to its insured customers.

I can't see from esure's file what it would actually do when liability is confirmed, but I think it's unreasonable to wait until liability is finally agreed before I issue my decision as this may take several months.

So I'd propose that I deal with the settlement of Mr E's claim for his car in this decision, and if the issue of the premium refund isn't settled then Mr E can complain to esure and make another approach to this service in due course if he remains unhappy.

I'd also ask that Mr E confirms whether he has cashed the compensation cheque for £150, as it may have expired. If it has expired uncashed, I'd ask that esure re-issue it.

Responses to my provisional decision

Neither party responded to my provisional 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.

As both parties didn't respond to my provisional decision, my final decision and reasoning remains the same as my provisional decision.

Mr E didn't respond to my query about whether he'd already cashed the compensation cheque for £150, so I'd ask that he and esure liaise about this to ensure he receives the compensation it agreed to pay him.

My final decision

My final decision is that I uphold this complaint. I direct esure Insurance Limited to pay Mr E:

- An additional £478, making the vehicle value £8,975.
- 8% simple interest on this figure, calculated from the date esure initially settled his claim, to the date esure make this payment.

esure Insurance Limited must pay the amount within 28 days of the date on which we tell it Mr E accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 21 March 2023.

Richard Sowden
Ombudsman