

## **The complaint**

Ms B complains that esure Insurance Limited (esure) haven't settled her claim fairly under the terms of her motor insurance policy.

## **What happened**

In September 2022, Ms B made a claim on her policy. Unfortunately, her car was stolen and later declared a total loss.

To reach a fair market value for Ms B's car, esure checked four motor trade guides called CAP, Parkers, Glass's and Cazoo. They then offered her the average value suggested by the first three guides (£32,938) and said they'd treated the Cazoo valuation as an outlier as it was significantly different to the rest.

Ms B didn't think this was fair. She said her car was in excellent condition and had optional extras including side steps which impacted its value. She therefore asked esure to provide adverts that supported their settlement offer. However, they declined this request and their valuation remained the same.

One of our investigators then considered the complaint. Before reaching an opinion, she requested a bespoke valuation from CAP, and also checked Autotrader to see how they valued Ms B's car. This information combined with her own market research and an advert Ms B provided from the month of loss, led her to conclude the complaint should be upheld. She disagreed that the Cazoo valuation was an outlier and said the Autotrader and Cazoo valuations appeared to be the most accurate. So, she asked esure to increase the settlement of Ms B's claim.

Ms B accepted the investigator's opinion, but esure didn't. They disagreed that further valuations were necessary and said they shouldn't impact the outcome of this complaint in any event. As although the Autotrader and Cazoo valuations were similar, they'd already checked four motor trade guides and made a fair offer based on the values they suggested. They also said our service usually agrees that it's reasonable to treat valuations that are significantly different to the rest as outliers. Lastly, they highlighted the fact they didn't routinely check Autotrader at the time of the claim and said our service only started doing so in August 2022. All of which meant they felt strongly they shouldn't be required to do anything more.

Our investigator considered esure's response, but then said her opinion remained the same. So, I've considered the complaint afresh.

## **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, I uphold this complaint and I'll now explain why.

Ms B's policy says esure will provide the "market value" for her car if it's declared a total loss. And the policy defines market value as:

*"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 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".*

Assessing the value of a used car isn't an exact science. However, like most insurers our service often finds the motor trade guides persuasive. This is because their valuations are based on nationwide research and they show likely selling prices at the month of loss. The guides also allow for the specifications of most cars to be taken into consideration including any extras. This is particularly helpful, as factors such as the age and mileage of a car can have a big impact on its value. If a guide price is significantly higher or lower than the others, we may think it's reasonable to ignore it. This depends on the circumstances and on the value of the car.

I've carefully considered all six valuations provided by the motor trade guides including the two extra valuations the investigator reviewed. Using the retail transacted figures, I can see the guides valued Ms B's car as follows:

- Parkers £31,775
- CAP £32,076
- Bespoke CAP £33,165
- Glass's £34,960
- Cazoo £38,236
- Autotrader £39,094

This means the motor trade guides suggest Ms B's car should be valued between £31,775 and £39,094. I appreciate our investigator said the Parkers valuation should be disregarded, but I disagree and see no reason to exclude it. I am however mindful that two of the lower valuations were both provided by CAP.

As esure is aware, our service thinks it's usually reasonable for an insurer to offer a value that falls within the range of values suggested by the motor trade guides. However, based on the specific circumstances, I don't think that approach would result in a fair outcome here. I say this as there isn't an even spread across the above guides and the Cazoo and Autotrader valuations are significantly higher than the rest. So, I've taken adverts into consideration to help me determine which of the motor trade guides are likely to be the most accurate.

Ms B has provided an advert from September 2022 which states £39,089 as the asking price for a car that is a similar specification to hers including the optional extras. I can see that the investigator asked esure, if they had considered adverts as part of their decision to treat the Cazoo valuation as an outlier, and they said that they didn't. I think this would have been helpful as Ms B specifically asked esure to provide copies of the adverts they'd considered and said she couldn't replace her car based on their settlement offer.

Ms B has only provided one advert for a similar car and I suspect the asking price allowed some room for negotiation. However, I also think it's reasonable to conclude this advert supports the two highest valuations provided by the motor trade guides. I've also checked if there are similar cars currently on sale, for the same amount as esure's valuation and I'm

satisfied there aren't. So, if esure had done as Ms B had asked (checked adverts at the time of the claim) I think it's likely they'd have noticed this discrepancy and not disregarded the Cazoo valuation.

I know esure disagrees with the inclusion of the valuation provided by Autotrader, as they didn't routinely check this guide at the time of the claim. However, as our service thinks the valuations provided by this guide are generally reliable, I see no reason not to consider this evidence. I'm also satisfied that it supports the valuation provided by Cazoo as they both suggested similar values and as mentioned above, the adverts I've seen don't support esure's decision to disregard Cazoo. In fact, the adverts suggest the Cazoo and Autotrader valuations are the most accurate reflection of the market value of Ms B's car.

As I don't think esure provided Ms B with a fair valuation for her car, I'm satisfied the complaint should be upheld. I don't think it would be fair to direct esure to use the average value suggested by all the motor trade guides because as mentioned above, there isn't an even spread across the guides and the Cazoo and Autotrader valuations appear to be the most accurate. I therefore direct esure to use the average of these two guides (Autotrader and Cazoo) to settle the claim. This amount is £38,665.

I appreciate esure have tried to follow our established approach, and Autotrader valuations are a recent addition. However, for the reasons I've explained, I'm satisfied esure didn't offer Ms B a fair market value for her car. This is something they could reasonably have done if they had given more consideration to the circumstances before disregarding Cazoo.

### **My final decision**

For the reasons set out above, I uphold this complaint. I require esure Insurance Limited to increase the settlement of Ms B's claim for the total loss of her car based on a valuation of £38,665. They should add simple interest to the balance payable to Ms B at a rate of 8% a year from the date they originally settled the claim to the date they make payment.

If esure Insurance Limited considers that they are required by HM Revenue & Customs to take off income tax from that interest, they should tell Ms B how much they have taken off. They should also give Ms B a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 10 April 2023.

Claire Greene  
**Ombudsman**