

The complaint

Mr R has complained about the total loss settlement esure Insurance Limited trading as Sheilas' Wheels paid and the poor service he received when he made a claim under his car insurance policy.

What happened

Mr R was involved in an incident with another car in June 2022. He reported the incident to his insurer, esure.

esure settled the claim by paying Mr R a total loss settlement for his car. Mr R was unhappy with the settlement sum as he thought it was too low. He provided copy emails he sent to esure asking for further information about how to claim for uninsured losses and asked for details of the third party insurer (TPI), but he says he didn't receive a response.

Our Investigator thought esure's total loss settlement sum was fair. But he thought from the information Mr R had provided that he had been inconvenienced by not having a response to his requests for further information. For this he recommended esure pay Mr R £100 compensation. The Investigator passed on details of the TPI from esure to Mr R so that he could pursue them directly for uninsured losses.

esure agreed. Mr R didn't agree. He provided adverts for similar cars for sale online which were priced at higher than the settlement sum esure paid. He raised questions about his renewal premium, how the claim had been settled and about the investigation into liability.

Our Investigator explained that the questions Mr R asked were not part of the complaint he raised with esure - and so if Mr R wanted to raise new complaints with esure he was free to do so.

The Investigator maintained his view that the way esure reached a valuation for Mr R's car was fair and in line with our approach.

Mr R disagreed and so the case has been passed to me to decide.

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.

We don't decide a valuation, but we can look at whether an insurer has reached its decision reasonably and in line with the policy.

Mr R's policy with esure says the most it will pay in the event of a claim is the market value of his car at the time of loss: market value being the price a customer would reasonably pay for a similar car. We have a long standing approach to valuation complaints. We find the most reliable way of deciding a fair valuation is to look at the main motor trade guides. They provide valuations based on the average likely selling price for a car of the same make, model, age, condition and mileage as Mr R's for the month of loss.

esure provided screenshots of the guides it relied on when reaching a total loss settlement sum. And having looked at the adverts Mr R has provided of the same make of his car a year after the incident, I'm satisfied that the sum esure has paid as a total loss settlement is within the range of the guides and the adverts, considering the actual mileage and condition of his car at the time of loss. esure made a deduction of £274 (quoted as £294 by esure in its final response letter, but this means there is an anomaly of £20 in the final total loss settlement sum) for pre-accident damage and provided photos of the area of damage to support its decision. I understand Mr R doesn't agree as he says due to the age of the car, it is expected to have some signs of wear and tear. But I don't think esure's decision to make the deduction was unreasonable as this is damage outside of wear and tear. And it applied over a 50% reduction in the estimate of costs to repair this damage from the settlement sum, which I think is a fair outcome.

From copy emails provided by Mr R, and esure's file notes, I think there were times when esure didn't provide a response to Mr R when he asked for further information about his claim. While this hasn't prevented Mr R from taking the action he wishes to take, I think esure should have provided a better service in its communication with Mr R and for the inconvenience caused, I think it should pay £100 compensation to Mr R.

I appreciate that Mr R doesn't agree. He says he has spent several hours attempting to gain information from esure without success. And he says the financial loss he's incurred as a result is far more than £100.

But this sum is in line with similar awards we give for poor service such as Mr R received. And as I've said, I think esure has paid a fair total loss settlement to him as the market value for his car.

My final decision

My final decision is that I uphold this complaint in part. I require esure Insurance Limited trading as Sheilas' Wheels to pay Mr R £100 compensation for the distress and inconvenience caused by its poor service during the claim.

esure Insurance Limited trading as Sheilas' Wheels must pay the compensation within 28 days of the date on which we tell it Mr R accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

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

Geraldine Newbold
Ombudsman