

The complaint

Miss S complained about the way esure Insurance Limited trading as Sheilas' Wheels dealt with a claim she made under her car insurance policy.

What happened

Miss S bought a car insurance policy with esure in September 2022. Six weeks later, in October 2022, she was involved in an incident and made a claim. esure said Miss S's car wasn't repairable and so it settled her claim by paying the market value for her car.

esure said that Miss S had driven more miles than she had declared she would during the policy year at the time of the claim. So it made a deduction from the total loss settlement to reflect the difference in premium it said it would have charged - based on what it said was a more accurate mileage for the policy year.

Miss S complained about the poor service she received from esure, the valuation and the deduction it had taken for mileage.

esure paid Miss S £50 compensation for a delay in having her car assessed by an engineer and a lack of updates. It said the valuation it had paid and the deduction for mileage was correct.

Our Investigator recommended the complaint should be upheld. She thought esure should pay a further £50 compensation for the poor service it provided. She checked the main motor trade guides and found the average of the guides came to £504 more than esure had calculated. She didn't think esure had been fair in deciding Miss S had exceeded the mileage under the policy. So she recommended esure pay the deduction it had taken and the difference in the valuation with interest, along with a further £50 compensation.

esure didn't agree. It didn't provide any new evidence but said it believes it had shown its actions were reasonable.

Miss S accepted the Investigator's view. So as esure disagreed, 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.

Having done so, I'm upholding it.

Miss S's car was involved in an incident on 22 October 2022, So her policy with esure had been in place for just over six weeks, starting on 6 September 2022.

Miss S chased for updates on when she could expect a settlement. She was advised by esure on 31 October 2022 that her car was being collected for salvage. However, when she called again on 4 November 2022, her car hadn't yet been collected.

esure paid Miss S £50 compensation for the delay and said it had resolved Miss S's complaint. But Miss S rejected this and contacted esure to complain about the delay and her losses in time spent having to chase esure for settlement of her claim. This wasn't

addressed by esure. So I think a fair outcome is for esure to pay a further £50 for the distress and inconvenience caused by its lack of updates and poor service.

When Miss S bought the policy in September 2022, she provided an estimate as requested of the mileage she intended to drive for the policy year. This was between 7,000 and 8,000 miles.

esure said that Miss S had travelled over 10,000 miles from 6 September 2022 to the date of the incident, on 22 October 2022. It decided this by looking at the mileage recorded on the last MOT on 3 February 2022 at 51,056 - and the mileage under Miss S's car at the time of the incident at 61,074. It isn't known what the mileage was when Miss S bought the policy.

So from the information available to esure, this shows that Miss S had travelled an average of 10,000 miles over a period of just under nine months.

Miss S explained that when she bought the policy with esure, she had recently changed location with her existing job. This meant she would be travelling around 80 miles less a day. And she was in verbal communication with three companies for a new role, all of which included a company car. In January 2023 Miss S changed jobs which included the benefit of a company car. She's provided evidence of this to show that this is why she recorded her estimated mileage in September 2022 for the policy year as she did.

Based on the MOT records - which esure relied on - the average mileage from the start of the policy to the date of loss was around 2,000. I think it was unfair of esure to compare Miss S' historic mileage to the reduced mileage Miss S estimated she would be travelling during the new policy year. And so I don't think esure acted reasonably in making a deduction for excess mileage from the total loss settlement.

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

esure says the most it will pay in the event of a claim is the market value of a car at the date of loss. We find the main motor trade guides are a reliable way to reach a valuation as they provide an average based on likely selling and auction prices. Where there are discrepancies in the valuations used, we also look at a valuation guide for advertised prices - as we know that more recently second hand cars can sell for close to the advertised asking price.

Looking at all of the available guides for the same make, model, age, condition and mileage as Miss S's car, we found that the average of them came to £5,211. This was higher than esure's average of the valuations it relied on, which was £4,707. So I think a fair outcome is for esure to pay Miss S the difference.

I think esure should pay interest on the deduction it made and the difference in the market value at our applied rate of interest as set out below.

My final decision

My final decision is that I uphold this complaint. I require esure Insurance Limited trading as Sheilas' Wheels to do the following:

- Pay Miss S £50 in addition to the £50 compensation it paid for the poor service it provided, so a total of £100 compensation.
- Pay Miss S the difference in the total loss settlement, bringing it to £5,211 (minus the excess)
- Pay interest on the difference at a rate of 8% simple interest a year from the date of the incident to the date it pays.

If Miss S returned the payments for the original settlement and £50 compensation, esure can re-issue these payments with the above, but interest is only payable on the difference in the total loss settlement, being the amount Miss S was deprived of by esure.

esure Insurance Limited trading as Sheilas' Wheels must pay the compensation within 28 days of the date on which we tell it Miss S 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 Miss S to accept or reject my decision before 20 September 2023.

Geraldine Newbold
Ombudsman