

The complaint

Mr W is unhappy with the valuation eSure Insurance Limited (eSure) provided after his car was declared a total loss.

What happened

Mr W was involved in an accident which rendered his car a total loss. He made a claim on his policy with eSure.

He said eSure made him an offer for total loss of his car, but he declined this. He says the offer is below what it would cost him to get a like for like replacement in the current market condition.

Mr W complained to eSure who said it had valued his car in line with the approach used by our service and relied on motor trade guides in doing so. It said the guides provided valuations between £2,830 and £3,325 and that the average value was £2,945. It said it took an average of four motor trade guides and reached this valuation which was fair and reasonable.

Mr W wasn't happy with eSure's response and brought the complaint to us. Our investigator looked into it. She recommended that eSure settle the claim by paying Mr W £3,059 as she used the valuations from three trade guides that we use rather than ones that eSure has used which aren't in line with our approach. She thought this was a fairer settlement amount and recommended eSure should pay £3,059 plus 8% simple interest from the date of the original offer to the date of settlement.

Mr W disagreed and asked for the complaint to be referred to an ombudsman. Mr W says he's asking for a fair market value price for his car and the open market shows the average price is closer to £4,500. He says what has been offered isn't even close to the cheapest vehicle which was £3,500.

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 agree with the conclusions reached by our investigator. I know Mr W will be disappointed, but we do have an established approach when it comes to complaints similar to Mr W's. In this case, I think eSure has acted in line with our approach.

I acknowledge eSure used slightly different trade guides. But having reviewed the guides used by our investigator, a settlement amount of £3,059 is fair and reasonable.

Mr W's policy says that eSure will pay the market value of the car i.e., the value the insured could reasonably be expected to sell their car for, on the open market, immediately before the accident. It goes on to say that, in doing so, it will rely on valuations obtained in motor-trade guides and that its assessment of the value will be based on cars of the same

make and model which are of similar age, condition and mileage.

It's not my role to decide what the value of the car is but to decide whether eSure made an offer which was fair and reasonable based on the evidence available to it. Assessing the value of a used vehicle isn't an exact science. We generally find the valuations given in motor-trade guides most persuasive as they are based on extensive nationwide research of likely selling prices. And I must emphasise that I will only direct a business to increase its valuation if I consider that it is unfair.

eSure used four trade guides: Glass's, Parker's, CAP and Cazana and the valuations showed for each of these respectively as: £2,830, £3,325, £2,895 and £2,945. The average of these four is £2,998 although eSure says it's £2,945 which is what it offered.

In any case, in line with our approach, our investigator used Glass's, Cazoo and CAP and the average of these three guides shows £3,059.

I don't consider that any of the valuations to be an outlier and the amount recommended by our investigator is within the range provided by those valuations. So, from what I've seen, I consider the recommended amount of £3,059 to be fair and reasonable in these circumstances as it is within the range of values provided by the guides.

I appreciate Mr W has provided copies of adverts for similar cars which I have looked at. The values for cars of the same make and model were higher than eSure's offer. So, I can see why Mr W feels that the offer is low. Nevertheless, we don't tend to find adverts as persuasive as the motor guides and the reason for this is because it is difficult to know what a car will actually sell for from the advert; and a vehicle may be sold for less than the advertised price especially with private sales.

Given all of this, I am satisfied that our investigator has looked at the approach our service takes to value the car in a fair and reasonable way. She's recommended that eSure pay £3,059 plus 8% simple interest to settle the complaint in line with the policy terms and conditions. I think this is fair in the overall circumstances of the complaint.

Putting things right

To resolve Mr W's complaint, eSure should:

- Pay £3,059 plus 8% simple interest from the date of the initial offer it made to the date of settlement.

My final decision

For the reasons given above, I uphold Mr W's complaint about eSure Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 28 August 2023.

Nimisha Radia
Ombudsman