

The complaint

Mr G complains that esure Insurance Limited (“esure”) has unfairly handled a claim under his motor insurance policy.

What happened

The background of this complaint is well known between parties, so I’ve summarised events.

- Mr G’s vehicle was damaged, and he made a claim to esure. He submitted photos to esure in November 2022.
- esure said it would provide a cash settlement as the vehicle had pre-existing damage and evidence of a previous repair – it said it established this from reviewing the photos provided by Mr G. It said its agent did not want to complete any repairs due to flaking paint on both front wings.
- Mr G has stated the cash settlement offered was £400. He said he had no knowledge of any previous repairs and challenged whether it was fair for esure to settle the claim in the way it suggested, and said it *should* be paying the cost of him instructing his own repairer if it was esure’s decision to cash settle the matter. Mr G also stated the scope of works had not been fully assessed given esure hadn’t physically reviewed the car.
- One of our Investigators looked into what happened. He requested information from esure on a number of occasions about the claim but didn’t receive anything. He upheld the complaint.
 - He said esure’s assessment of the claim on the photos alone wasn’t sufficient for it to fairly rely on its pre-existing terms. And he questioned how it could establish the cost of repairs without assessing it in person.
 - So, he said esure should consider the claim again in line with its remaining terms and conditions. And award £150 in compensation to Mr G.
- esure didn’t respond. So, the complaint has been passed to me for an Ombudsman’s final decision. This means I have considered this complaint based on the limited evidence provided to me.

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 this complaint. I’ll explain why.

- In this case, it’s not in dispute Mr G’s claim for damage to his vehicle was accepted.
- Mr G’s policy allows for esure to determine how it wishes to settle a claim – including repair, replace or cash settlement. This is a common term across policies of this nature. So I’m satisfied there are no inherent issues with an insurer having the discretion to cash settle a claim, but we would expect it to make this decision fairly

and if it imposes this on a policyholder, this Service would typically expect it to cover the cost of repair to the customer, and not the costs an insurer itself would incur.

- esure hasn't provided me with an assessment or report of the damage that it does consider to be covered by the claim, nor a breakdown of the costs it intends to settle. So, I have very little to go on. And as a result, I'm satisfied Mr G's concerns about the cash settlement are valid and that esure hasn't done enough to fairly establish this.
- esure has also put forward that Mr G's vehicle has existing damage. In line with the policy, I wouldn't expect an insurer to cover pre-existing damage and I understand this can impact an insurer's ability to repair an insured loss. However, from what I've seen, esure has determined this based on several photos provided by Mr G. It has provided some internal notes that suggest there was flaking to both wings of the car. But esure has provided no photographic evidence, reports or further technical opinion to support this conclusion despite being given multiple opportunities to do so.
- So, I'm not persuaded esure has provided sufficient evidence to limit its liability as it has put forward.
- As Mr G also hasn't provided me with a scope of works or a quote, so it's unclear to me what a fair settlement would be in this case. And I have to consider what the most practical way forward for this claim. In doing so I've taken into account here what Mr G has said to our Investigator – which was he would be happy for esure to re-assess the car in person.
- In these particular circumstances, I'm going to direct esure to reassess the claim – but it must do so through an actual review of the vehicle and produce a scope of works required. Should there be a further dispute about the claim after this has been carried out, this may be a matter Mr G will be able to bring back to this Service (in line with our usual considerations).
- Taking everything into account, I'm satisfied esure hasn't handled this claim fairly or as promptly as it should've. And the inaction on esure's part has delayed matters unnecessarily for Mr G. So, I'm also going to direct esure to pay him £150 in compensation to account for the distress and inconvenience caused.

My final decision

For the above reasons, I'm upholding this complaint and direct esure Insurance Limited to do the following:

- Reassess the claim following a physical review of the insured vehicle from one esure's engineers or appointed agents.
- Pay Mr G £150 in compensation.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 17 August 2023.

Jack Baldry
Ombudsman