

## **The complaint**

Mr L complains about esure Insurance Limited's handling of his motor insurance claim and the settlement amount he was offered.

Esure is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As esure has accepted it is accountable for the actions of the agents, in my decision, any reference to esure includes the actions of the agents.

## **What happened**

In late 2021, Mr L made a claim under his motor insurance policy with esure after his car was damaged in an accident.

Esure arranged for the vehicle to be taken to one of its approved repairers to be fixed. Mr L asked the garage to also carry out some other work to his vehicle that didn't relate to the claim.

There was a delay in the work being carried out, due to parts being unavailable. When Mr L's car was returned to him in June 2022, he found several issues with the vehicle. The vehicle was booked in for rectification work in August because the garage said it couldn't provide Mr L with a courtesy car sooner. Mr L wasn't able to take the car in on the scheduled date as he was unwell, so it was rescheduled for September 2022.

Mr L found that there were still issues with the car when it was returned to him. Esure said it would arrange for his car to be inspected by an engineer. The engineer agreed that further rectification work needed to be carried out.

Mr L said he didn't want his car to go back to the garage who had carried out the repairs. Esure agreed for the rectification work to be carried out by a manufacturer's dealership. It also agreed to pay for a hire car for Mr L.

The manufacturer's dealership told esure that a new engine might be needed, so esure decided the car should be written-off. Mr L was unhappy with this decision and the settlement amount offered.

In response to Mr L's complaint, esure said it believed its valuation of the vehicle was fair. It said a salvage retention cost of £4,298 would be deducted if Mr L wanted to retain the vehicle. It asked Mr L to let it know what he wanted to do.

Mr L asked our service to consider his concerns. In the meantime, esure offered to pay Mr L £400 to compensate him for poor service.

Our investigator thought Mr L's complaint should be upheld. He didn't think the settlement esure had offered Mr L for his vehicle was fair. He recommended the settlement be increased by £586.66. He also recommended that esure pay Mr L 8% simple interest on this from the date the initial settlement was offered until the date it was paid.

The investigator thought esure's offer of £400 for the service issues was reasonable.

Esure agreed with our investigator's outcome. But Mr L remained unhappy. He said he would like esure to reimburse him for money lost from missing work and hire car fees he'd had to pay. He said he'd also paid £778 for works to be undertaken on his car by esure's garage.

I issued a provisional decision on 24 October 2023, where I explained why I intended to uphold Mr L's complaint. In that decision I said:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint."*

*Based on what I've seen so far, I intend to uphold Mr L's complaint. I'll explain why."*

*To be clear, in this decision I've only considered matters Mr L has complained of that occurred prior to esure's final response of 29 June 2023."*

### Market value

*The policy's terms and conditions say:*

*"We will decide which method we use to settle your claim... We won't pay more than the market value of your car at the time of loss, less the total excess payable."*

*"Market value" is defined 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 a 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, Parker's and CAP. This may not be the price you paid when you purchased the car."*

*I think it's reasonable for the market value to be assessed as the retail price Mr L was likely to have to pay for a comparable vehicle at a reputable dealer. The fairest way of doing this is by using the standard industry guides. These are based on extensive national research of likely selling prices. They can provide valuations based on the make, model, age, condition and specification of a vehicle."*

*Esure valued Mr L's car at £9,480 after considering information from three motor trade guides. It said this was based on the average of the two closest guides. It said it ignored the value showing in the highest guide because it was significantly higher than the other two."*

*However, it's accepted our investigator's recommendation to increase the valuation to an average of the three guides. Our service normally considers a fourth trade guide for motor vehicle valuation disputes. However, that guide hasn't provided any information for Mr L's vehicle. So, I'm satisfied that the revised valuation of £10,016.66 is fair. And Mr L says esure has since paid this to him."*

*Esure also agreed to pay Mr L 8% interest on the difference between the revised valuation and its original valuation from 29 June 2023 to the date it was paid. I think this is reasonable to resolve this part of Mr L's complaint."*

### Service issues

*Esure has acknowledged a breakdown in communication and delays in moving the case forward. It says it provided an upgraded hire car to Mr L in late February and allowed him to keep it for over a month after it offered him the total loss settlement. It's also offered him £400 compensation.*

*Mr L doesn't think this is enough to put things right. He says he lost three days of pay because he had to take his car to his own garage and was unable to get to work. He says he also paid for a week's hire car prior to esure providing him with one. He's also commented that he paid £778 for works to be carried out on his car by esure's approved repairers.*

*Mr L provided a copy of the rental agreement for the hire car and a payslip to show the three days he'd missed from work. I shared this information with esure and asked it for its comments.*

*Esure said it wouldn't consider Mr L's hire car expense and loss of earnings as it thought it had offered a fair settlement for redress. It said it had provided him with a hire car which was three classes above Mr L's entitlement. It also commented that it had never agreed to reimburse Mr L's loss of earnings or hire car costs.*

*Esure said Mr L chose to take his car to a garage he'd specifically wanted to do his repairs, so would surely have been aware of the distance and possible repercussions for his employment. It said Mr L hadn't made it aware he was moving the vehicle there. It said it had been extremely patient with Mr L's chosen garage who couldn't accommodate esure's engineer for weeks on end. Mr L had failed to respond in a timely manner during this period, but it had kept him in the upgraded hire car throughout.*

*Esure said the £778 Mr L had paid its approved repairer was for private work that was nothing to do with it or the claim. It also commented that it had paid Mr L close to £800 for a scratch to his vehicle he'd accused esure's repairer of causing without strong evidence as a gesture of goodwill.*

*From what I've seen, esure's approved repairers failed to resolve the issues with Mr L's car after having two opportunities to do so. I can see that Mr L made esure aware that the rectification works its approved repairers carried out weren't successful in October 2022. The car was inspected by esure's engineer in early December 2022. It looks like things didn't progress for the next couple of months, despite Mr L contacting esure for updates. So, I don't think it was unreasonable for Mr L to have decided to move his car to a garage he thought he could trust.*

*It's unclear from the information I've seen, when Mr L took his car into the garage of his choice. The payslip Mr L has provided is from mid-January 2023 and the rental agreement he's sent us is for the period 24 February to 3 March 2023. According to esure's notes, it approved the upgraded rental car on 28 February 2023.*

*I appreciate esure believes that paying for an upgraded hire car together with the £400 it's offered is enough to put things right. I think this is reasonable compensation for the distress and inconvenience Mr L has experienced. However, I think it's also fair to consider Mr L's financial loss.*

*I haven't seen anything to suggest that Mr L made esure aware that he needed to miss work as a result of taking the car to his chosen garage or being without a car. So, I don't think it would be fair to tell esure to reimburse him for his loss of earnings. However, I do think it would be fair for esure to reimburse Mr L for the week's hire car he paid for before esure provided him with a hire vehicle, with compensatory interest.*

*I appreciate Mr L would also like esure to reimburse him the £778 he paid to its approved repairer. However, I'm satisfied that this work wasn't related to his claim. So, I don't think it would be fair to tell esure to cover this cost."*

I set out what I intended to direct esure to do to put things right. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

## **Responses**

Esure didn't provide any further information or comments in response to my provisional decision.

Mr L said esure needed to send him another cheque as he hadn't banked the one it had sent him for the settlement of the vehicle. He said it didn't include the 8% interest and £400 compensation. He asked if esure would include this on the new cheque sent.

He also commented that it had been a lengthy process and it would have been nice to get the money he'd paid on the car due to esure's contractor's works. He asked if I had any suggestions on how to get the money back.

## **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.

Neither party has provided any additional information or comments to persuade me to change the conclusions I reached in my provisional decision.

I would suggest Mr L bank the cheque esure has already sent him if he's able to do so. That way, esure can send him a separate payment for the redress I'm awarding. If there is a reason, Mr L can't bank the cheque he already has, he should get in touch with esure.

I appreciate Mr L would like to have been able to recoup the money he'd paid esure's approved repairer. However, I've explained why I don't think esure needs to reimburse him for this. It will be up to Mr L to decide whether or not to accept my decision. I'm unable to give him any advice on any further action he might wish to take.

## **Putting things right**

Esure should pay Mr L:

- Interest on the difference between the revised settlement for the vehicle and its initial settlement offer calculated at 8% simple per year\* from 29 June 2023 to the date the settlement was paid and
- £348.48 to reimburse Mr L for his hire car costs with 8% simple interest per year\* from 24 February 2023 until the date this amount is reimbursed and
- £400 for distress and inconvenience.

\*If esure considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr L how much it's taken off. It should also give Mr L a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

**My final decision**

For the reasons I've explained, I uphold Mr L's complaint and direct esure Insurance Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 7 December 2023.

Anne Muscroft  
**Ombudsman**