

The complaint

Mrs A complains esure Insurance Limited hasn't offered a fair value for her car following it being written off after an accident.

What happened

The details of the claim are well known to both parties, so I won't repeat them again here. Instead, I'll summarise the background.

Mrs A insured her car with esure under a motor insurance policy. In August 2023, Mrs A's car was involved in an accident and esure told her, due to the level of damage, her car would be written off. It then offered £4,630 to settle the claim having deducted £72 for pre-existing damage to the alloy wheels.

Mrs A wasn't happy, so she complained about this. She said she can't afford to replace her car with a similar safe and reliable one with the amount offered by esure and also raised issues with its method of valuing her car. esure maintained its valuation offer.

Mrs A didn't agree and brought the complaint to this Service for an independent review. She explained she's vulnerable due to a health condition and this situation has made her feel stressed which isn't good for the condition. It has also impacted her ability to attend appointments and other things which are important to her physical and mental health as well as work in the office one day a week.

An Investigator at this service looked into matters. They ran their own valuations to verify those obtained by esure. The Investigator also obtained a further result from another motor trade guide not used by esure of £5,052. Ultimately, they decided esure needed to pay £422 more to Mrs A – the difference between the market value of the car based on the highest guides valuation (£5,052) and the amount it had paid to her (£4,630). They also asked esure to pay Mrs A interest. Finally, the Investigator explained esure shouldn't deduct £72 for pre-existing damage to the wheels as it hadn't shown this was anything more than the wear and tear which had already been factored into the motor trade guide valuations.

esure didn't agree with the Investigators method of calculating a fair value. It considered the highest guide is an outlier which should be discounted.

Mrs A didn't agree with the Investigators view. She sent the Investigator a vehicle for sale at £6,995 which, when adjusted for the difference in mileage, would give a value of £5,435. So, this is the lowest valuation she expects to achieve. Further, she didn't consider the Investigator had addressed her concerns about its processing of her claim particularly regarding its duty of care to her as a vulnerable customer in line with industry guidance, including from the regulator, the Financial Conduct Authority (FCA). The Investigator explained he didn't uphold Mrs A's complaint about the service she'd received. And any additional issues needed to be raised with esure separately, giving it an opportunity to respond in the first instance.

As an agreement couldn't be reached, the matter was passed to me for a decision.

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.

I recognise I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by the parties involved. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here raised by Mrs A and responded to in the final response of esure dated 5 September 2023. Our rules allow me to do this and it reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I've given careful consideration to all of the submissions made before arriving at my decision and I'm satisfied I don't need to comment on every individual argument to be able to reach what I consider to be a fair outcome.

It's my role is to decide whether esure has applied the policy terms and conditions when reaching its market value and whether it has done so in a fair and reasonable way. Based on what I've seen, I don't think it has. I'll explain why.

Where a car has been written off as a result of an accident, it's usual for the insurer to pay the consumer the market value of the car immediately before the accident. This is what Mrs A's policy provides. It defines the market value as follows.

'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, Parkers and CAP. This may not be the price you paid when you purchased the car.'

This means esure will pay the value of the car immediately before the accident which, here, it determined to be £4,630. We use the same trade guides – in addition to one other - to help decide if a settlement offer is fair when valuing second-hand vehicles.

Having done so, I've noted the valuation offered by esure is lower than the amount the Investigator has suggested it should pay, which is based on the value provided by the highest guide. In this situation, esure must show its offer represents a fair valuation. It hasn't sent this service any evidence to do so.

I've also considered the additional evidence provided by Mrs A which she says supports a higher value. This includes adverts with a range in price from £5,666 to £10,299. But I'm not persuaded this is relevant and persuasive evidence the highest value from the guides is unfair in this matter. I say this because the adverts from Mrs A aren't for cars sufficiently similar to hers. They have a lower mileage – some by more than 100,000 miles – as well as other differences including to the model, colour and year to Mrs A's. And I also note one of the adverts sent has a value much lower than the Investigators recommendation.

Therefore, I've considered the evidence provided and find the Investigators recommendation to be one which is fair and reasonable in all the circumstances. As a result, esure now needs to put things right by taking the steps outlined below.

I'm aware Mrs A is dissatisfied with the way esure handled her claim, and with the customer service she received more generally. And she's referred to industry guidance, some of which has been issued by the FCA. She's been open about her health concerns and vulnerabilities – as she has with esure – so I can understand why poor claims handling and poor customer

service could have had a greater impact on her than might ordinarily be the case. However, for the period I'm considering (the date of claim until the date esure issued its final response to this complaint), I find esure handled the claim well and provided satisfactory customer service. I say this because esure accepted the claim quickly and made an offer to settle it within a fortnight while Mrs A was in a hire car (despite this not being a benefit under the policy in a total loss claim) and communicated effectively. It follows I can't fairly and reasonably recommend esure compensate Mrs A.

Finally, I note Mrs A's comments about the business practices of esure such as how it instructs its agents to value vehicles. But this isn't something our service can take into account in this matter. We look at individual complaints. So, I've focused on the valuation amount offered by esure to Mrs A. The FCA is the party who regulates insurers and can consider their processes and behaviours more generally. So, whilst this might be something Mrs A wants to take forward with them, it's not something I can consider in this complaint about the valuation of her car.

Putting things right

To settle the complaint in this matter, esure Insurance Limited needs to do the following.

1. Pay £422 to Mrs A, that is, the difference between the market value determined in this matter (£5,052) and amount paid by esure (£4,630); and
2. Pay 8% simple interest on £422 from the date 30 days after Mrs A's claim was made up to the date of actual payment.

*If esure Insurance Limited considers it's required by HM Revenue & Customs to take off income tax from that interest it should tell Mrs A how much it's taken off. It should also give Mrs A a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons set out above, my final decision is I uphold this complaint. esure Insurance Limited needs to do the things set out above to put things right. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 11 March 2024.

Rebecca Ellis
Ombudsman