

## **The complaint**

Mr L and Mrs P are unhappy with the settlement they received from esure insurance Limited “esure” after their car was declared a total loss.

For ease of reading, I’ll just refer to Mr L throughout this decision.

## **What happened**

In December 2023, Mr L made a claim against his policy following an accident and esure declared his car a total loss. After investigating the matter, they said the market value for his car was £13,711 and they reached this figure as it was the highest value suggested by two motor trade guides.

Mr L accepted the above amount minus the excess as an interim payment, but said he wasn’t happy with the value as it was too low to enable him to replace his car. He felt esure should obtain a value from Autotrader and shared two adverts for cars that were both advertised as £16,250. The cars were the same make as his, but one had a “13” registration plate instead of “63”, and both had significantly more mileage. The first car had 64,065 miles and the second had 56,165 compared to Mr L’s 40,555. So, he didn’t understand why his car was valued at £13,711 and said it was worth significantly more.

As esure’s position remained the same, an investigator at this service considered the complaint. He checked four motor trade guides including Autotrader, and then said the value should be increased to the highest amount suggested by the four guides. This amount is £17,530. In reaching this opinion he also considered the two adverts provided by Mr L. However, as he didn’t think they were a fair comparison to Mr L’s car, he concluded it wasn’t appropriate to reduce the valuation based on them.

Mr L accepted the investigator’s opinion, but esure didn’t. In summary, they acknowledged they didn’t have any evidence other than the guides they checked to support their valuation. However, they felt a value of £17,530 was too high.

So, I’ve considered the complaint afresh.

## **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.

In complaints of this nature, my role is to consider if esure have offered Mr L a fair market value for his vehicle that is in line with the policy terms and conditions.

The terms and conditions of the policy define market value 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, Parkers and CAP. This may not be the price you paid when you purchased the car"*

Assessing the value of a used vehicle isn't an exact science. However, like most insurers our service often finds the motor trade guides persuasive. This is because their valuations are based on nationwide research, and they show likely selling prices at the month of loss. The guides also allow for the specifications of most cars to be taken into consideration including any extras. This is particularly helpful, as factors such as the age and mileage of a vehicle can have a big impact on its value.

esure have provided copies of the guide valuations they used when considering the claim, and I've also checked the additional valuations obtained from our investigator. Having done so, I'm satisfied all of the valuations were based on the correct vehicle details and month of loss. This means, I'm satisfied £13,360, £13,711, £16,713, and £17,530 are all relevant valuations when considering a fair market value for Mr L's car.

Looking at the guide values I'm not persuaded esure's offer of £13,711 is fair. The guide valuations vary significantly from the lowest to highest value and I don't find esure's explanation as to why their offer is reasonable persuasive. To be satisfied their offer at the lower end of the range represents a fair valuation, I'd need to see other evidence such as adverts for cars for sale around the time of the loss or expert specialised reports. And, to avoid any detriment to Mr L the highest valuation produced by the guides is my starting point.

esure haven't shared any additional evidence with me, but I have carefully considered the two adverts that were provided by Mr L. Having done so, I think the adverts support Mr L's position that esure's valuation was too low, however, I also agree they aren't a true comparison. My key concern is there is a significant mileage difference between the cars as detailed above. It's also widely accepted that cars with a lower mileage tend to attract a higher value. So, I think Mr L would be unfairly disadvantaged, if I directed esure to rely on the adverts and value his car at £16,250.

Having carefully considered all the valuations provided by the guides and Mr L's adverts, I'm therefore satisfied the fairest outcome in this particular complaint is to value Mr L's car at £17,530. As this is the highest amount suggested by the motor trade guides and I haven't been provided with persuasive evidence which suggests a lower amount would be more appropriate.

### **Putting things right**

I require esure Insurance Limited to settle Mr L's and Mrs P's claim by valuing their car at £17,530 and paying them the settlement shortfall.

8% simple interest per year should be added to the additional amount, calculated from the date of the interim payment until the date of settlement.

If esure Insurance Limited considers that they are required by HM Revenue & Customs to take off income tax from that interest, they should tell Mr L and Mrs P how much they have taken off. They should also give them a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

My final decision is I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mrs P to accept or reject my decision before 13 October 2024.

Claire Greene  
**Ombudsman**