

## **The complaint**

Mr S complains esure Insurance Limited (esure) caused delays after he made a claim on his motor insurance policy. He also said it unfairly settled his claim after his car was found to be a total loss.

esure are the underwriters of this policy i.e. the insurer. Part of this complaint concerns the actions of the intermediary. As esure have accepted it is accountable for the actions of the intermediary, in my decision, any reference to esure includes the actions of the intermediary.

## **What happened**

In December 2023 a stolen car crashed into Mr S's parked car causing damage. He made a claim on his motor insurance policy with esure.

When esure initially inspected his car it said it was repairable. It later said this was not correct and it was to be treated as a total loss.

The damaged car was not collected, as agreed by esure, from the roadside where the incident had occurred, Mr S arranged for it to be moved himself.

esure valued Mr S's car at £8,732. As it had outstanding finance due, it paid this amount to the finance company.

esure agreed there had been issues with Mr S's claim. It accepted it had initially incorrectly recorded his car as roadworthy, it had caused delays in recovering the car, it had provided its valuation for the car outside its intended service level and that there had been a delay in paying the finance company. esure apologised and awarded £300 compensation. It also waived the outstanding policy premium balance of £265.47 following the policy cancellation.

Because Mr S was not happy with esure, he brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and said esure should increase the valuation of Mr S's car to £9,151. They said the extra time taken by esure to deal with his claim and settlement meant Mr S incurred additional travel expenses for longer than was reasonable. They said esure should pay the difference in Mr S's travel costs during the time the settlement payment was delayed.

As esure is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

## **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.

## **Valuation**

I have considered whether esure acted fairly and reasonably in reaching its decision as to the level of settlement offered to Mr S following the write-off of his car.

My role is not to provide an exact valuation but to make a judgment as to whether the offer of settlement is fair.

I firstly looked at the details within Mr S's motor insurance policy with esure. It says;  
*"Market value – 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: xxx, xxx and xxx. This may not be the price you paid when you purchased the car."*

Although this service doesn't value vehicles, we do check that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. We use trade guides to do this, and they're based on nationwide research of likely selling prices and take the car's specifications, mileage etc into account.

This service doesn't consider the question of market value to be an exact science, however our general approach is that the valuations given in the main motor trade guides provide the most persuasive and consistent evidence. These guides are based on extensive nationwide research of likely (but not actual) selling prices.

I looked at the information esure used when calculating the market value for Mr S's car. I saw it obtained valuations from three of the main trade guides. In this case Admiral offered £8,732 which is the average of these three guides.

I looked at the valuations our investigator obtained. They used four of the main trade guides. The highest of these four valuations was £9,151 and the lowest was £8,350.

Prices of used cars can change on a regular basis. This could be an increase or decrease. This is the reason why we take the approach that if esure can demonstrate, that it used a fair process to value the car then we wouldn't interfere with the offer it has made.

Based on the valuations our investigator obtained, I do not think the settlement amount paid for Mr S's car is fair in this case.

We expect insurers to pay the highest of the trade guides, unless they are able to provide us with evidence which supports a lower valuation. This is because we typically find the guides show a range of values and we think going by the highest will ensure consumers have received a fair offer, allowing them to replace their car with one of the same make, model and specification.

In this case esure have not provided any further information other than the trade guides to support its valuation and so I consider a fair market valuation would be the highest of its valuations. I require esure to increase its settlement offer to the highest valuation of £9,151 less any policy excess.

Mr S said he would like esure to clear the balance on his finance. The finance arrangement has been agreed between Mr S and the finance provider. It is separate to the motor insurance cover provided and I cannot ask esure to settle the outstanding finance amount.

### ***Delays and claim handling***

I looked at the timeline of the claim. The incident in which the car was damaged happened on 20 December 2023. As esure incorrectly recorded the car as drivable it did not organise for it to be recovered from the roadside. I saw Mr S had to contact esure a number of times to organise for it to be moved. I can understand this caused Mr S a great deal of stress at the time because as it was parked in a restricted zone it was likely to be towed away.

I also saw Mr S had to ring esure a number of times to progress his claim.

Mr S's car was classed as a total loss on 15 January 2024 and esure made a market value settlement offer to him. Mr S provided the details of his finance settlement the next day, however it did not make the market value settlement payment until 16 February 2024. There has been no explanation provided about any reason for this delay. If Mr S can provide evidence to esure that any additional interest was charged between 16 January 2024 and 16 February 2024, then esure should reimburse this to him.

After the total loss settlement had been made esure continued to chase for payment of the outstanding balance of Mr S's policy premiums. When a claim has been made on a policy the premiums are due for the full term. In this case the terms and conditions say; *"If we cancel your policy, and you have made a claim or been involved in an incident you will still have to pay the full premium plus the fee esure charges."*

I saw that esure waived the £265.47 outstanding balance as part of its redress and I think this is a fair action.

Mr S complains that he was without a car during the claim. He said he used about £25 per week for fuel to get him to and from work for six days per week. He said because he didn't have a car to use after the incident he had to use public transport which cost him £10 per day, which is £60 per week.

I saw Mr S requested a courtesy car when esure said his car was repairable but it was not provided. I looked at the details of his policy and saw car hire benefit was not included on his policy. esure explained that a courtesy car would only be due to be provided when repairs were taking place and as the car was classed as a write this meant a courtesy car was not provided.

esure accepted it caused several delays to Mr S's claim and awarded him £300 compensation for this.

Because payment of the market value settlement was delayed by four weeks Mr S continued to incur the additional commuting costs of £35 per week. I think it is reasonable for esure to reimburse these costs for four weeks to cover the delay between when the settlement should have been made within a couple of days of 16 January 2024 to when it was actually paid on 16 February 2024. This is a total of £140.

Therefore, I uphold Mr S's complaint and require esure to increase its total loss settlement offer to £9,151. And pay Mr S for loss of use of a car for four weeks at £35 per week. Should Mr S provide evidence from the finance company regarding any additional interest charged between delay in making the actual payment of this total loss, it should also reimburse this.

### **My final decision**

For the reasons I have given I uphold this complaint.

I require esure Insurance Limited to

- Pay Mr S the difference between the £8,732 already paid in settlement for his car and £9,151 as a fair market value. It should also add 8% simple interest to this amount from the date the initial settlement amount was paid to the date of final settlement.
- Pay Mr S £140 to cover additional commuting expenses.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 June 2024.

Sally-Ann Harding  
**Ombudsman**