

## **The complaint**

Mr B has complained that esure Insurance Limited's market value of his car given his claim under his motor policy was unreasonably low.

## **What happened**

Mr B was involved in an accident. The car he bought merely 112 days previously was deemed a total loss by esure. It said the market value of Mr B's car was £17,500. Mr B didn't agree. He said some 112 days previously he had paid £18,750 for his car.

Mr B provided esure with at least 11 comparable adverts and calculated it would now cost him around £18,915 to buy his car at the time of the accident in November 2023. So, he complained. As esure wouldn't change its stance, he then brought his complaint to us.

The investigator thought it should be upheld. Following his assessment of the motor trade guides he was of the view that a more reasonable market valuation would be £18,805 given the prices in the guides. Mr B agreed but esure didn't, so Mr B's complaint has been passed to me to decide.

## **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 along the same lines as the investigator. I'll now explain why.

First, I must stress this service is not a market valuation service for cars or any vehicle. We are a dispute resolution service which essentially assesses whether the business has dealt with the consumer's issue fairly, bearing in mind the contract between them.

Here in Mr B's case, this concerns assessing whether his insurer esure assessed the market valuation of his car reasonably and fairly given the policy terms.

Over the years our stance on the market valuation of vehicles has developed in that insurers using the motor trade guides to value the vehicles deemed a total loss remains consistently fairer and more reasonable for their policyholder. More recent developments over the past couple of years given the increased value of second-hand cars amongst other things, means our stance on this issue has continued to develop. This is regularly updated on our website too. It's not evident to me that esure and its engineers have kept themselves fully updated with our developing stance on what is fair in considering the market value of a car such as Mr B's here.

Esure's policy defines market value as the following:

*“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”.*

Our approach expects insurers to review all the relevant motor trade guides, which the investigator detailed and unless there is evidence to the contrary, we believe it’s fairer to value the car at the higher valuations than the lower ones. As our decisions are published, I won’t name the motor trade guides here, but the four guides were consulted and the values for the same type of car as Mr B’s car were £17,700, £17,300, £18,805, and £18,333.

Esure said its market value of Mr B’s car was £17,500. I agree with the investigator that given the four guides’ valuations this shows esure’s value wasn’t fair. Esure also didn’t provide any other evidence to explain why it thought its much lower valuation was a fair valuation. Indeed, its valuations was the average of the lower of the two guides which I also don’t consider is appropriate or reasonable. Averaging in that way is unnecessary.

So, like the investigator, I consider the higher valuation, given the lack of any evidence to the contrary from esure, is both fair and reasonable and ensures the avoidance of detriment to Mr B. More so considering his car was a recent purchase too. It was bought from a dealer who specialised in the make of Mr B’s car, who subjected his car to 120 different checks before both valuing it and setting the selling price and provided an unconditional guarantee for a car in excellent condition. Mr B also went to the trouble of also providing an extensive number of adverts to explain why esure’s valuation wasn’t reasonable in that it was too low. I also consider this persuasive. So, taking the market conditions which exists for Mr B’s car given it was ‘used’ into account, I consider the reasonable valuation of Mr B’s car at the time of loss is £18,805.

As esure has already paid Mr B the sum of £17,500 it now needs to pay Mr B the further sum of £1,305 to which interest must be added.

Lastly, I can see Mr B went to significant trouble to try and persuade esure its valuation was unfair which it disregarded. This caused Mr B some trouble and upset. The investigator suggested esure pay Mr B the sum of £100 compensation. I consider this is reasonable and in line with our approach too. Had the investigator not suggested any compensation, this is the amount I would have suggested myself.

### **My final decision**

So, for these reasons, it’s my final decision that I’m upholding this complaint.

I now require esure Insurance Limited to do the following:

- Pay Mr B the sum of £1,305 to bring the market valuation of his car to £18,805.
- Add interest of 8% simple per year to that sum. If income tax is to be deducted from the interest, appropriate documentation should be provided to Mr B for HMRC purposes.
- Pay Mr B the sum of £100 compensation for the trouble and upset it caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 17 July 2024.

Rona Doyle  
**Ombudsman**