

## The complaint

Mr K complains that esure Insurance Limited mishandled a claim on a motor insurance policy.

## What happened

The subject matter of the claim and the complaint is a sports utility vehicle, first registered in 2016.

For the year from August 2023, Mr K had the car insured on a comprehensive policy with esure. He agreed to pay the yearly cost by monthly instalments.

Unfortunately, Mr K reported that a flood had damaged the car in late October 2023. According to esure, the car was a total loss and its pre-loss value had been £9,840.00.

By mid-December 2023, Mr K had complained to esure that it was under-valuing the car.

By a final response dated mid-January 2024, esure said it had seen valuations as follows:

CAP	£ 8,410.00
Glass's	£ 9,840.00
Percayso	£10,493.00

The final response said that esure had increased its valuation to £10,167.00 (the average of the two higher figures).

Mr K brought his complaint to us in mid-January 2024. He concluded as follows:

*"Notwithstanding the poor service and delays prior to valuation, my disagreement is in the valuation of the vehicle and I would like esure to increase that valuation to or around £12,000, from £10,167 (minus £250 excess) and to reimburse part, or all of the £134.82 insurance premiums I have paid while being without a vehicle."*

By February 2024, Mr K was no longer paying the instalments. And by early March 2024, esure had cancelled the policy and was asking Mr K to pay a balance of about £68.00.

By late March 2024, Mr K had asked us to deal with a complaint about delays prior to the valuation and a complaint about esure's claim for a balance following cancellation. Our investigator told Mr K that he would have to make those complaints to esure before we could look into them. Mr K replied that he understood.

## *our investigator's opinion*

Our investigator didn't recommend that the complaint about valuation should be upheld. She thought that esure's offer of £10,167.00 was fair and reasonable.

### *my provisional decision*

After considering all the evidence, I issued a provisional decision on this complaint to Mr K and to esure on 16 May 2024. I summarise my findings:

A more appropriate fair market valuation would be £10,892.00. That will require a further payment of £725.00.

Subject to any further information either from Mr K or from esure, my provisional decision was that I upheld this complaint in part. I intended to direct esure Insurance Limited to pay Mr K:

1. in addition to its payment based on a valuation of £10,167.00, a further £725.00 for his car; and
2. simple interest at a yearly rate of 8% on that further payment from 23 November 2023 to the date of the further payment. If esure considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr K how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Mr K hasn't responded to the provisional decision.

Esure disagreed with the provisional decision. It says the following:

*"We've valued the car using the guides, and disagree that it is fair to simply go to the highest guide and value the car using that. It can't be considered fair to simply value a car using the highest guide, as this simply ignores the evidence provided by any other guide. Put simply, your service is choosing to ignore the valuations provided by 2 long established guide (Glass and CAP) and one newer guide (Percayso) but then choosing to place a greater weight on valuations offered by an advertising site with an incentive to increase car values. I think in the majority of cases I've seen in recent times Autotrader is always highest."*

### **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.

#### The balance of the yearly premium

After the flood, Mr K continued to pay the instalments for about three months. I haven't seen any evidence that he complained to esure about that before he brought his complaint to us. Our investigator didn't look into any such complaint, and I don't consider that I can make any decision on it.

Nevertheless, it may be helpful to say that almost all motor policies say that, after the policyholder has made a claim that isn't recoverable from a third party, and the policy is cancelled before the end of the policy year, the policyholder must still pay the full annual premium without any refund. That is because the policyholder has used the policy.

#### Delay in assessing the claim

I've noted that it took esure from late October 2023 to January 2024 to assess the vehicle and make a payment. I haven't seen any evidence that Mr K complained to esure about that

before he brought his complaint to us. Our investigator didn't look into any such complaint, and I don't consider that I can make any decision on it.

### Valuation

From the policy schedule, I consider that any claim for accidental damage (except a glass claim) was subject to excesses totalling £350.00. Subject to that, the policy required esure to compensate the policyholder for the market value of their vehicle.

The policy terms contained a definition of "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."*

In assessing what constitutes a fair value we generally expect insurers to review relevant guides to motor valuations - which is also our starting point for most valuation complaints.

I've looked at the available guides to assess whether esure's offer is fair and reasonable. I've reviewed CAP Market Value Manager, Glass's Market Value, Percayso and Auto Trader guides, which gave values as follows:

CAP	£ 8,410.00
Glass's	£ 9,840.00
Percayso	£10,493.00
Auto Trader	£10,892.00

Looking at the valuations produced by the guides, I'm not persuaded that esure's offer is fair and reasonable. This is because the valuation guides have produced valuations which vary significantly from the lowest to the highest. The offer of £10,167.00 sits in line with some of the lower values produced by these guides, but esure hasn't shown why this offer is fair, or that Mr K can replace their car with a similar one for the amount offered.

In these circumstances, to be satisfied that esure's offer represents a fair valuation, I'd expect to have been provided with other evidence (for example, adverts for cars for sale around the time of the loss / experts reports etc) to support that a lower valuation point is appropriate. And I'd need to be persuaded that that this evidence is relevant and persuasive (and more persuasive than evidence provided by the policyholder) before accepting that a lower valuation should be used.

Esure have provided additional evidence, specifically advertisements for three vehicles similar to Mr K's. But overall, I don't find that they support a valuation of £10,167.00 because the advertisements contain prices between £10,500.00 and £11,500.00. So, I'm not persuaded that a valuation in line with the higher guides is inappropriate, and to avoid any detriment to Mr K, that is my starting point.

I've considered the valuations produced by the guides. I've also considered the additional evidence supplied by Mr K. However, I'm more persuaded by the valuation from Auto Trader rather than Mr K's later analysis of advertisements from Auto Trader.

I consider that a more appropriate fair market valuation would be £10,892.00. That will require a further payment of £725.00.

I've thought about the extent to which the under-valuation caused Mr K distress and inconvenience. However, Mr K hasn't given enough detail of that. In any event I find it likely that much of his distress and inconvenience was to do with being kept out of money, for which interest is compensation. So I won't direct esure to pay compensation for distress and inconvenience.

As the undervaluation kept Mr K out of pocket in the amount of £725.00, I will direct esure to pay interest on it at our usual rate. I find it fair to direct interest to run from one month after the date of the claim.

#### Response to the provisional decision

Esure finds it unfair that the provisional decision adopted the highest valuation (Auto Trader). However, as I've explained, esure could've provided other evidence to support the lower valuations (of under £10,000.00). Instead, esure provided three advertisements for similar vehicles with prices between £10,500.00 and £11,500.00.

#### **Putting things right**

As I've said, I consider that a more appropriate fair market valuation would be £10,892.00. That will require a further payment of £725.00 plus interest at our usual rate.

#### **My final decision**

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct esure Insurance Limited to pay Mr K:

1. in addition to its payment based on a valuation of £10,167.00, a further £725.00 for his car; and
2. simple interest at a yearly rate of 8% on that further payment from 23 November 2023 to the date of the further payment. If esure considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr K how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 29 June 2024.

Christopher Gilbert

**Ombudsman**