DRN-4958038

The complaint

Mr G is complaining about the amount esure Insurance Limited (esure) have paid to settle a claim he made on his car insurance policy. He is also unhappy with the service he received during the claim.

What happened

In October 2023 Mr G was unfortunately involved in an accident and so he contacted esure to make a claim through his car insurance policy. esure declared Mr G's car a total loss and said it would settle the claim by paying Mr G the vehicle's market value minus any policy excess. It valued Mr G's vehicle at £1,500.

Mr G didn't agree with the market value and so raised a complaint. esure considered Mr G's complaint but didn't uphold it. It said it used market value guides to value Mr G's vehicle, and had made a deduction due to Mr G's vehicle being a previous total loss. Mr G didn't agree with the valuation esure had reached.

Mr G was also unhappy esure recorded the incorrect date of the accident and recorded a second claim incorrectly. He was also unhappy a medical invoice was added to the incorrect claim. Mr G also believed esure had been responsible for a data leak. esure acknowledged it had recorded the incorrect date and it should have identified a second claim had been recorded in error sooner than it did. It said the medical invoice wasn't covered under the terms of the policy but it could instruct a solicitor to deal with Mr G's uninsured losses. It said it wasn't responsible for any data breaches. esure offered Mr G £150 compensation and £210 to cover the medical invoice as a gesture of goodwill. As Mr G didn't think esure had acted reasonably he referred both complaints to this Service.

Our investigator upheld Mr G's complaint. He said he thought the compensation esure had offered for recording the incorrect date of the accident and recording a second claim was reasonable. He said he didn't think there was any evidence of a data breach caused by esure. He said he didn't think the valuation esure had placed on Mr G's vehicle was reasonable. He didn't think esure had evidenced it was reasonable to make a deduction due to Mr G's vehicle being a previous total loss. He said he thought esure should increase it's valuation to £1,875 and pay 8% per year simple interest on the additional settlement due.

esure accepted our investigator's view but Mr G disagreed with it. He said the compensation for the distress and inconvenience caused by the incorrect accident date being recorded and second claim being recorded wasn't reasonable. He said the replacement canopy and sound system in his car meant it was more valuable.

As Mr G didn't agree with our investigator, the 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.

I want to acknowledge I've summarised Mr G's complaint in less detail than he's presented it. I've not commented on every point he has raised. Instead I have focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Mr G and esure I've read and considered everything that's been provided. I will address the key points separately.

Value of Mr G's vehicle

The role of this service isn't to work out exactly what the value of an individual vehicle is. We look at whether the insurer has applied the terms of a policy correctly and valued the vehicle fairly. Under the terms of Mr G's policy, esure had to pay him the market value of his car minus any applicable policy excess.

The terms 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 the 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.'

It is standard practice for the industry to use valuation guides to work out the estimated value of a car, and its not unreasonable that it does so. The valuation the guides give are based on the advertised prices of similar cars with a similar age and mileage for sale at the time of the loss.

esure told Mr G it used three valuation guides to calculate the value of Mr G's vehicle which returned valuation figures of £1,400, £1,875 and £1,875 respectively. It said the valuation of £1,400 was lower than the other two guides and so it disregarded this valuation. This wasn't correct as due to the age of Mr G's vehicle the valuation guides didn't return a valuation. These three valuation figures were actually taken from three similar vehicles to Mr G's for sale on the open market and this is what esure based its valuation on. This Service consulted a further guide which produced a valuation figure of £1,499.

Whilst I acknowledge esure made an error when it told Mr G how it had valued his vehicle, I don't think the valuation it reached of £1,875, prior to making any deductions, was unreasonable. As the market value guides didn't return a valuation, it wasn't unreasonable for esure to use other evidence available, such as advertisements for similar vehicles for sale on the open market. esure have provided evidence of the advertisements it reviewed before reaching its valuation and I can see the three guides it has referred to are for vehicles the same make and model as Mr G's and with a much lower mileage. Given the valuation esure reached was the same as the value of vehicles with a much lower mileage than Mr G's, and above the valuation guide this Service consulted, I don't think this valuation is unreasonable.

Mr G has said his vehicle was previously written off and he received a larger settlement from his previous insurer for the value of his vehicle. However the value of Mr G's vehicle when previously written off isn't relevant to the value of the vehicle immediately before this more recent accident and so I can't say this means the valuation esure have reached is unreasonable.

Mr G has said he has replaced a number of parts on his vehicle, including a new canopy roof, however I'm not persuaded this would mean Mr G's vehicle is more valuable. I think these replacements have kept the vehicle in retail condition rather than increasing its value.

Mr G has also explained his vehicle includes a unique factory fitted sound system which increases its value, and would cost a significant amount to refit.

Whilst I appreciate Mr G has provided information he says shows how much it would cost to buy the individual parts and fit the sound system himself, this isn't what the policy Mr G holds covers him for. It covers him for the market value of his vehicle. Whilst I acknowledge a sound system could increase a value of a vehicle, the valuation of £1,875 is the same as vehicles advertised for sale with a much lower mileage than Mr G's vehicle. And so taking into consideration the impact these factors could have on the valuation of Mr G's vehicle, I can't say the valuation of £1,875 is an unreasonable one.

Mr G has provided evidence of a similar vehicle to his own which he says includes the same sound system his vehicle has which recently sold for £3,000. Whilst the advert Mr G provided doesn't include the mileage, I've been able to see the mileage of this vehicle in July 2024 was around 80,000 whereas the milage on Mr G's vehicle at the time of the accident was over 200,000. As it's generally accepted the mileage of a vehicle can play a significant role in its value, I'm not persuaded this advertisement shows Mr G's vehicle is worth more than the £1,875 esure valued it at.

esure made a deduction of £375 as Mr G's vehicle was a previous total loss. Whilst a vehicle being previously written off can affect its value, it would be for esure to demonstrate any deduction is reasonable. I'm not persuaded esure have evidenced Mr G's vehicle being previously written off impacts its value. Therefore I don't think it was reasonable for it to make this deduction.

Incorrect incident date and duplicate claim

esure have acknowledged it recorded the date of the incident as 30 October 2023 when the correct date was 26 October 2023. I can see Mr G spoke to esure by email and phone on a number of occasions to make it aware the date was incorrect but this wasn't updated until some months later.

In January 2024 esure emailed Mr G to say it had been contacted regarding an incident involving his vehicle on 26 October 2023 but hadn't been able to discuss the allegations with him. It later became apparent this incident was the same incident as Mr G had already reported.

Mr G has been caused distress and inconvenience by having to continue to ask esure to correct the date of the incident and when he received correspondence regarding a second claim being logged. This could have been avoided had esure recorded the correct incident date or updated the correct date of the incident when Mr G first asked it to.

Medical invoice

Mr G said he sent an invoice to esure for medical treatment he received following the accident but it added this to the incorrect claim. esure have acknowledged this was added to the incorrect claim. It has said this isn't covered under the terms of Mr G's policy but if he wishes to make a claim for injury or any related costs it can arrange for a solicitor to handle his claim.

The terms of Mr G's policy includes cover for personal accident, but this would only be if Mr G suffered permanent loss of sight in one or both eyes or loss of one or more limbs, which there is no suggestion of here. So I think it was reasonable for esure to say the invoice he submitted wasn't covered under the terms of his policy but Mr G has been caused distress and inconvenience by the invoice being added to the incorrect claim and the time he has spent trying to resolve this issue.

Data breach

Mr G has said on reinstalling his phone it highlighted a known data leak for his login for his account. He is concerned esure are responsible for the data leak. I've not seen any evidence the known data leak Mr G was warned about was due to esure and so I can't say it is responsible for this.

Putting things right

For the reasons I've explained I don't think esure were fair to make a deduction for Mr G's vehicle being a previous total loss. It should increase its valuation of Mr G's vehicle to £1,875. It should pay Mr G the additional settlement due and pay 8% per year simple interest calculated from the date it paid Mr G the settlement for the value of his vehicle to the date it pays this additional settlement.

Mr G has also suffered from distress and inconvenience due to esure recording the incorrect accident date, logging a second claim for the same incident and adding an invoice to the incorrect claim. Mr G has provided an explanation of the distress this caused which I have considered, and having done so I think esure's offer to pay £150 compensation and £210 for the medical invoice is reasonable in the circumstances. An award of this amount fairly takes into consideration the distress Mr G has suffered and the amount of extra effort Mr G needed to make in order to resolve these issues.

I appreciate Mr G has said he hasn't paid the invoice for medical treatment and so has raised concerns about this being paid to him rather than to the doctor. However as explained the cost of the treatment Mr G received isn't covered under the terms of his policy and so I think it's fair it has been paid to him as compensation rather than being paid to the doctor.

My final decision

For the reasons I've outlined above I uphold Mr G's complaint about esure Insurance Limited. I require it to:

- Pay Mr G a further £375 towards the valuation of his vehicle
- *Pay 8% per year simple interest on this amount calculated from the date it paid the initial settlement to the date it pays the further amount due
- Pay £150 compensation if it hasn't done so already
- Reimburse Mr G for the medical invoice if it hasn't done so already.

*If esure Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr G how much it's taken off. It should also give Mr G a tax deduction certificate if he asks for one so he can reclaim tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 23 December 2024.

Andrew Clarke
Ombudsman