

The complaint

Mr P says esure Insurance Limited didn't offer him a reasonable valuation for his written-off car when he made a claim on his motor insurance policy and that it provided poor service.

What happened

esure paid Mr P £22,000 for his car, having looked at the figures shown in three of the four national trade guides for similar cars (£13,630, £15,988, and £27,975), plus adverts. But he found adverts showing sales prices at £22,750, £27,995, £30,000, and £37,495.

One of our investigators reviewed Mr P's complaint. As esure hadn't provided us with evidence of the trade guide valuations, he checked them. He also checked the fourth trade guide (not used by esure) for a valuation, which was £21,057. Two of the other trade guides checked by the investigator showed figures similar to those found by esure. But the fourth guide showed £18,528 - rather than the £27,975 valuation esure said it had found.

The investigator said a figure found in a trade guide nearer the time of loss is generally more persuasive than one found later, as the guides' figures can fluctuate over time. And he didn't think esure had followed our approach in not paying the top valuation in the guides. He said esure hadn't shown why it paid Mr P a sum more in line with the lowest valuations, so he said it should pay him the highest valuation - £27,975.

esure then provided the adverts it had found for cars it thought were similar to Mr P's car, on sale for £20,500, £21,400, £22,900, and £22,950. The investigator noted that the lowest-priced car was closest to Mr P's car in mileage, but he still thought the highest trade guide price found by esure should be used. So he said esure should pay Mr P the difference between the sum it had paid him and £27,975, plus interest.

As there was no agreement, the complaint was passed to me for review. I issued a provisional decision along the following lines:

The valuation

I said we think the best way of establishing a car's likely market value is to consult four trade guides. We think their figures are generally more persuasive than advertised asking prices because they're based on extensive research of the likely selling prices of cars nationwide. And insurers need to give us evidence of the valuations they've found – otherwise we usually rely on the ones we find. That can lead to an insurer having to pay more (or sometimes less) for a car than they had done previously.

The figures quoted in the guides sometimes change over time, but I pointed out that in this case we didn't have evidence of esure's valuations - and it only looked at three of the guides. Our research showed the fourth guide's valuation to be £21,057. The two lowest valuations esure found (roughly between £13,600 and £16,000) were in line with those we saw in our research. But we found the third guide's valuation to be significantly lower than the figure esure said it had found (at £18,528).

I said if we were relying solely on our research, we'd normally say an insurer should pay the top valuation we found in the guides, in this case, £21,057 – but esure had paid Mr P more than that. I said I'd also reviewed the adverts provided to us, as they can sometimes make a difference. I noted that Mr P had said there were only four cars in the UK matching his car's specification, although the four advertised sale prices varied between £22,750 and £37,495 – a huge variation for cars that Mr P thought were similar in specification to his.

I said I thought the four adverts esure had found were more consistent with each other, *and* that they were also in line with the highest trade guide valuation we found. I thought the cars seemed to be of a similar specification to Mr P's car. The sales price shown for the car with very similar mileage to his car was £20,500. Three cars with lower mileage were advertised at £21,400 to £22,950. I said I thought esure's adverts were persuasive and that we think if an insurer can provide several adverts showing comparable cars at or below the valuation it has offered, then the valuation's likely to be fair. That's the case even if other adverts show higher sales prices. So I said I was minded to conclude that esure had offered Mr P a reasonable sum for his car.

Poor service

Mr P said esure provided poor service by not collecting his car from a waterlogged field for over a month, so he had to chase it for updates and eventually went to its office in person to get the matter resolved. He also said he was left without a car, causing him and his family great inconvenience.

I noted that esure had tried to get the car recovered quickly, but the agent it instructed refused to carry out the work. I said I didn't think Mr P's car should have been left for so long, as it was bound to deteriorate, although there was nothing to show that the outcome would have been any different had the car been collected earlier. I said I thought esure should have kept Mr P informed about any effort it made to retrieve the car and that he shouldn't have had to chase it for updates, or travel to its office.

I said I thought Mr P was worried about his car and inconvenienced by having to chase esure about what was happening. I said that had the car been collected earlier, esure would have issued its interim payment for its loss earlier. So I thought Mr P had faced unnecessary distress and inconvenience and that esure should pay him £150 compensation for that.

Hire car provision

In terms of being without transport after the accident, I noted that Mr P had paid extra for a hire car, and that the additional hire car policy said one will be provided for up to 21 days after a car is declared to be a total loss.

Mr P had told us he had a hire car for the first six days after the accident on 20 October 2023. But when we asked esure for clarification, it said he'd had one from six days after the accident for 20 days (until 15 November 2023) and then from 23 November until 30 December 2023 (37 days). It provided invoices from the car hire firm and pointed out that the total 57 days of hire was more than twice the maximum entitlement under the car hire policy. It also said that under the policy, hire should end within 48 hours of a total loss payment, but in this case, it didn't, as the payment for Mr P's car was issued by 20 December 2023. I said I thought esure had acted reasonably in terms of providing Mr P with transport.

I asked the parties to comment on my provisional findings. esure accepted them. Mr P said he couldn't replace his car with the sum offered by esure. He set out some of the items in the car's specification that he thought added value to it. He said he doubted the cars shown in esure's adverts were of the same specification. Mr P also said he thought the car wouldn't

have been written-off had it not been left in water for so long. And he thought £150 for the time and effort he spent chasing esure for updates was too low.

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.

We got a bespoke valuation after Mr P listed the features he thought other cars may not have and that added to his car's value. It showed that one of the trade guides' valuations was £750 short. I don't think that makes any difference to the outcome, as the guide in question had provided one of the lower valuations. In my opinion, the advice we received supports esure's offer to Mr P and the top trade guide valuation we found. I don't think Mr P has provided persuasive evidence that esure should have to pay him more for the car.

The engineer's report shows that Mr P's car sustained significant damage (including structural damage) when it went off-road and ended up in a six-foot ditch. The engineer said there was also significant water damage, but he didn't say that was the result of the car having been left in the ditch for too long. The field and the ditch were waterlogged at the time of the accident, and it seems that continuing rain made the recovery process very difficult. I don't think it's possible for Mr P to show that the immediate water damage, plus the other damage to his car, wouldn't have meant it was a write-off from the start or soon afterwards.

I've reconsidered the amount of compensation esure should pay Mr P. On reflection I think the amount of worry and inconvenience he faced – plus the long wait for a settlement sum (during which esure could have done more to try to recover the car) merits a further £100 payment (£250 in total). I think esure should have supported Mr P by updating him about its progress with the claim, and I would have considered higher compensation had esure not kept Mr P in hire for over twice the policy's entitlement, thus limiting his inconvenience.

My final decision

My final decision is that I uphold this complaint in part. I require esure Insurance Limited to pay Mr P £250 compensation in total for distress and inconvenience. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 17 October 2024.

Susan Ewins
Ombudsman