

The complaint

Miss T complains about how esure Insurance Limited dealt with a claim against her motor insurance policy. Miss T's father, Mr T, is assisting her in bringing her complaint. Reference to esure includes its agents.

What happened

In summary, Miss T has a motor insurance policy underwritten by esure. Miss T was involved in an accident and in March 2024, she made a claim against her policy. esure said Miss T's car was a total loss and it initially valued her car at £1,205. esure waived the excess and on 25 March 2024, it sent Miss T a cheque for £1,205. Miss T declined that offer and returned the cheque.

In May 2024, esure reconsidered its offer and increased it to £1,453. It started at a valuation of £1,938 and deducted £238 in relation to pre-existing damage and £247 for the salvage value, because Miss T wanted to retain the car. esure sent Miss T a cheque for £248.

Miss T says esure's valuation of her car is too low. She also complains about how esure dealt with her claim and the confusion it caused in relation to the hire car.

In response to Miss T's complaint, esure maintained its position in relation to the valuation of her car. It said Miss T had to return the hire car once she received the total loss payment. esure apologised for service issues and paid Miss T compensation of £150. It subsequently reissued a cheque for the original amount of £1,205, which Miss T had previously returned.

One of our investigators looked at what had happened. She didn't think esure had acted fairly. The investigator looked at valuation guides which gave values of £1,175, £1,850 and £2,021 and didn't think esure had shown why its offer was fair. The investigator recommended esure settle Miss T's claim on the basis of a valuation of £2,021, less the salvage value of £247.

The investigator said esure had apologised for the poor service Miss T had received in making her claim. She recommended esure pay compensation of £150 in relation to that, in addition to the £150 it had already paid.

esure didn't agree with the investigator. It said Miss T's car had pre-existing damage to the rear passenger side door and panel. esure estimates it would cost £1,089 to repair that damage but it only deducted £238. The investigator considered what esure said but didn't change her view. esure maintained that its valuation was fair and asked an ombudsman to consider the complaint, so it was passed to me to decide.

My provisional decision

On 20 September 2024, I sent both parties my provisional decision in this case. I said I'd come to a different view about what esure should do to put matters right. I said:

'I've taken into account the law, regulation and good practice. Above all, I've considered what's fair and reasonable. The relevant rules and industry guidance say esure should deal with claims promptly and fairly and must act to deliver good outcomes for retail customers. They should provide helpful and accessible support to their consumers at all stages of the relationship, ensuring post sale processes, such as making a claim, are just as easy to access as the product was to purchase. And they should consider if someone is in a vulnerable situation when dealing with them.'

The valuation of Miss T's car

The starting point is the terms and conditions of the policy. In the circumstances that arose here, esure can choose to repair the damage, replace the car or pay to settle the claim. The policy says esure won't pay more than the market value of the car at the time of the loss. 'Market value' is defined 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 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.'*

This service's role isn't to work out the exact value of Miss T's car. We look at whether esure has applied the terms of a policy correctly and valued the car fairly.

esure has provided this service with three valuations from valuation guides: £1,175, £1,856 and £2,021. It's standard practice for insurers to use valuation guides to work out the estimated value of a car. I don't think it's unreasonable to do so. The guides use nationwide data and take into account all the factors esure set out in its definition of market value – make, model, age, condition and mileage – to estimate a value for a specific car.

In accordance with our usual approach in complaints like this, our investigator completed checks on the valuation guides and received values of £1,175, £1,850 and £2,021, so very similar to the valuations obtained by esure.

Looking at all the valuations provided by the trade guides, it's not clear to me how esure reached its initial valuation of £1,205. When it reconsidered the matter, esure discarded the lowest valuation and proceeded on the basis of the mean of its two remaining valuations. So, the valuation it reached after reconsideration was £1,938.

I've looked at the adverts for the sale of cars provided by Miss T. I don't think the valuations of cars which have much higher or lower mileage than Miss T's car or a larger engine size or different gear box are sufficiently close comparators to assist me in this case. I appreciate it's difficult to provide useful comparators.

Whilst the valuation of £1,938 is slightly less than the highest valuation provided by the valuation guides, I don't think esure's reliance on that valuation as a starting point led to an unfair outcome for Miss T in this case. I'm satisfied esure's offer of £1,453, after deduction of £238 in relation to pre-existing damage and £247 for the salvage value, is fair and reasonable in this case.

esure has provided a recent estimate for the repair costs of the pre-existing damage, which shows it would cost £1,089.24 to repair that damage. So, whilst

esure started from a slightly lower valuation than the highest of the valuations provided by the guides, that's offset by its approach to the deduction of only £238 for pre-existing damage. Ultimately this leads me to find its valuation is fair overall.

Miss T's difficulties in making her claim

esure has apologised for service issues. I've looked at how esure handled Miss T's claim and there are several instances of poor communication. When esure paid Miss T a cheque for £1,205, it didn't explain she could accept it on an interim basis and pursue her complaint about the valuation. In the absence of that information, Miss T returned the cheque and told esure she had done so. esure didn't take that into account when it reconsidered the valuation and in May 2024, it sent Miss T a cheque for a balancing payment of £248, not the whole amount. esure re-issued a cheque for £1,205 in June 2024. The settlement of Miss T's claim took longer than it needed to take. I think e-sure should pay interest on the settlement amounts, from the date of the first settlement offer it made to the dates of the subsequent cheques it sent.

esure appears to have initially sent Miss T a cheque for £1,205 on the basis she'd accepted that amount in settlement of her claim, which wasn't the case. That meant the hire car company contacted Miss T about returning the hire car, which was stressful for her and required contact with esure to ensure it managed the hire car company. Miss T had explained to esure that she didn't accept that settlement. She'd also explained her particular circumstances and vulnerabilities. In the particular circumstances here, I think esure should have taken greater care about the settlement of the claim so that Miss T wasn't put in a difficult position with the hire car company.

Miss T has provided screen shots of her communication with esure via its web chat service. It's clear the web chats took a considerable time and didn't assist in the progress of Miss T's claim.

I think esure should have done more to ensure Miss T's claim was handled promptly and decisions were communicated appropriately, taking into account Miss T's circumstances and needs. Given what esure knew about Miss T's circumstances and needs at the time it was dealing with her claim, I think it should have taken greater care to give Miss T the information she needed and to ensure her claim proceeded in a reasonable time.

esure has already paid Miss T compensation of £150. I don't think that's sufficient in this case given the nature, extent and duration of Miss T's considerable distress, upset and worry caused by esure's handling of her claim. I think total compensation of £400 is fair and reasonable in this case, so an additional £250.'

Responses to my provisional decision

esure accepted my provisional decision. Miss T didn't think any amount of compensation would compensate for the stress this matter caused her. She accepted my provisional decision but said she'd like esure to pay an additional amount to a charity in order to deter it from acting in this way to someone else in her position.

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've noted what Miss T has said. I can't award compensation as a punishment or deterrent. Instead, I'm looking to compensate Miss T for any loss, distress and inconvenience she suffered as a result of errors by esure. I think the compensation I set out in my provisional decision does that.

Neither Miss T nor esure has provided any fresh information or evidence in response to the substance of my provisional decision. I therefore find no basis on which to depart from my earlier conclusions. For the reasons I've explained, I find esure's valuation of Miss T's car is fair overall but it should pay interest on the settlement amount and additional compensation of £250 in relation to Miss T's distress and inconvenience.

Putting things right

In order to put things right, esure should pay to Miss T:

1. Interest on the settlement amounts esure paid to Miss T at the simple rate of 8% per year, from the date of the first settlement offer it made to the dates of the subsequent cheques sent*.
2. Additional compensation of £250 in relation to her distress and inconvenience, bringing the total to £400.

*HM Revenue & Customs requires esure to take off tax from this interest. esure must give Miss T a certificate showing how much tax it's taken off, if she asks for one.

My final decision

My final decision is that I uphold this complaint. esure Insurance Limited should take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 29 October 2024.

Louise Povey
Ombudsman