DRN-5271047

The complaint

Mr F complains about how his insurer, esure Insurance Limited (esure) valued his vehicle as a total loss following an accident.

Any reference to esure in this decision includes their agents.

What happened

In August 2024 Mr F's vehicle was involved in an accident, in which his vehicle was hit by a third party vehicle which was exiting a roundabout. He contacted esure to tell them about the accident. Mr F provided images and a video of the damage to his vehicle. He also provided CCTV footage of the accident taken from a building next to the roundabout.

From the images provided by Mr F, esure concluded the vehicle was a total loss, based on their assessment of the damage and the likely cost of repair compared to the vehicle's market value. esure valued the vehicle at £3,590 being the highest valuation figure from three recognised industry valuation guides. Mr F expressed interest in retaining the vehicle, for which esure said he would have to pay a salvage fee of £1,041 (as well as the policy excess of £250). esure issued payment of the net settlement amount (£2,299) at the end of September 2024.

Mr F was unhappy at the valuation, saying it wouldn't enable him to replace his vehicle with a like for like vehicle from a reputable dealer. He said his vehicle had a number of features that meant it should be valued more highly. These included optional extras, a full service history and strong MOT record. The alloy wheels had been professionally refurbished. He was also unhappy esure assessed his vehicle from the photographs and video he'd sent, not a physical inspection. And esure hadn't responded to his request to discuss the valuation. So, he complained.

esure didn't uphold the complaint. In their final response they said when they valued a vehicle they compared the selling prices of similar vehicles in three recognised industry valuation guides. esure referred to the retail values from the three guides for Mr F's vehicle, which ranged from £2,884 to £3,590. esure used the highest guide value to make their settlement offer. They also reviewed the adverts supplied by Mr F, but it was difficult to find a vehicle similar to Mr F's vehicle with a similar mileage (the majority had much lower mileages). They found a vehicle similar to Mr F's with a similar mileage advertised for £2,600. So, esure felt their valuation was fair.

Mr F then complained to this Service. He was unhappy at the valuation, saying it significantly undervalued his vehicle, which included optional extras. He didn't think esure had carried out a thorough assessment of his vehicle as it was undertaken remotely using video footage and photographs. Mr F thought to replace his vehicle with one of a similar specification would cost him at least £4,995 or up to £6,000. He wanted esure to increase their settlement offer and pay compensation for the time he'd spent and the stress and anxiety he'd suffered

Our investigator didn't uphold the complaint, concluding esure didn't need to take any action. The policy provided for esure to compensate Mr T for the market value of his vehicle. esure's offer was close to the highest valuation from the three valuation guides, which the investigator thought included the optional extras fitted to Mr F's vehicle. The example vehicles provided by Mr F were generally either newer or with lower mileage, so the investigator wasn't persuaded they were sufficient evidence of market value. And some of the features of Mr F's vehicle would be considered modifications. It was also reasonable for esure to carry out a desktop assessment. And while there had been issues in esure's handling of the claim, they hadn't acted unfairly or unreasonably

Mr F disagreed with the investigator's view and asked that an Ombudsman review the complaint. He maintained a replacement vehicle would cost him £5,000 meaning a £1,500 difference compared to esure's settlement. He'd bought the vehicle back from esure and had it repaired and returned to the road, because of its desirability. He didn't think the valuation guide figures were accurate and the market for his type of vehicle was holding up. He provided further examples of vehicles advertised for sale he said showed his vehicle had been under-valued. He also pointed to the way the vehicle had been maintained and its full service history. Mr F also maintained esure hadn't carried out a proper evaluation of his vehicle, nor had a discussion with him about his vehicle's valuation.

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.

My role here is to decide whether esure has acted fairly towards Mr F.

The key issue in Mr F's complaint is the valuation of his vehicle. He says esure's valuation isn't sufficient to purchase an equivalent replacement vehicle, thinking the market value of his vehicle some £1,500 higher. esure say their valuation is fair, being based on the highest of three values of Mr F's vehicle from recognised industry valuation guides. They also say the examples of vehicles for sale similar to Mr F's vehicle don't provide evidence their valuation is unfair.

A further issue in the complaint is that esure assessed Mr F's vehicle from images and video evidence he provided - they didn't carry out a physical inspection. Mr F says this means esure didn't carry out a thorough assessment of his vehicle. And they declined to discuss their valuation with him.

In considering the case I've first looked at the issue of whether esure did carry out an appropriate assessment of Mr F's vehicle and concluding it was a total loss (as distinct from the valuation of the vehicle as a total loss). It's important to note the role of this Service isn't to assess claims, including decisions on whether a vehicle should be deemed a total loss. That's the role of esure. But it is our role to decide whether esure acted fairly and reasonably in reaching their decision to deem the vehicle a total loss.

Looking at the evidence available, esure assessed the vehicle from the photographs and video provided by Mr F, not a physical inspection. While insurers can and do assess vehicles based on physical inspection, it's an operational decision for them whether to do so or whether they consider they can make an assessment from photographic and video evidence. In this case, looking at the evidence provided by Mr F, it is of good quality, showing the damage to the offside of the vehicle (which was impacted by the nearside of the third party vehicle). The damage appears to be most significant to the front of the vehicle, including the front bumper, wing and wheel arch. I think it reasonable for esure to have made an estimate of the potential repair costs, then compared those estimated costs to the market value of the vehicle (which I'll come on to consider).

I can see an email to Mr F from esure's agent (C) dated just over a month following the incident which states their assessment of the damage has concluded the vehicle is uneconomical to repair and will be deemed a total loss. While the email provides a lower valuation (£2,988) compared to that subsequently offered by esure (£3,590) I don't think it makes the decision to deem the vehicle a total loss unfair or unreasonable. It would have been based on the professional opinion of C (a recognised motor engineer/salvage firm) of the visible damage from the evidence provided by Mr F. Had there been doubt or uncertainty over the nature or extent of the damage, then C could have chosen to conduct a physical inspection. For example, to determine whether there was additional damage that may not have been obvious from the photographs and video (for example to parts of the vehicle behind the area (panels) most immediately affected).

So, I've concluded esure didn't act unfairly or unreasonably by making their assessment the vehicle was a total loss on the evidence provided by Mr F, rather than a physical inspection.

Turning to how esure calculated their settlement valuation, I've first looked at what the policy provides for. In cases of total loss, the policy provides for the market value of the vehicle to be paid. Market value is defined in the policy 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 cases 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 Glasses's, Parkers, Cazana and CAP. This may not be the price you paid when you purchased the car."*

As a Service, our approach to vehicle valuations starts by looking at an insurer's valuation, which we generally expect to be based on relevant industry valuation guides. We'd expect an insurer's valuation to be based on the highest valuation guide figure (or higher). If it was, then we are likely to say it's fair, unless there's other evidence to say this is unfair (and an insurer can evidence their offer is fair when it's lower than the highest guide value).

Turning to the industry valuation guides, from the information provided by esure (and included in their final response) they obtained valuations from three guides, based on retail values. The valuations were based on the registration details of Mr F's vehicle and mileage at the time of the accident.

(A) £3,590
(B) £3,118
(C) £2,884

While esure (through C) initially offered £2,988 they subsequently offered £3,590 in their final response (which was issued two days after C's settlement offer). The revised offer is the same as the highest guide figure, As I've said, we'd expect esure's valuation to be based on the highest valuation guide figure (or higher). If it was - as is the case here - then we are likely to say it's fair. Unless there is other evidence to say this is unfair.
In their final response, esure include an example of a similar vehicle to Mr F's vehicle, of the same year and registration plate and mileage very close to that of Mr F's vehicle. The advertised price is £2,600 – although it is from a private seller, not a dealer, so I'd expect the price to be lower.

In bringing his complaint, and when responding to our investigator's view, Mr F has provided many examples of what he considers to be vehicles advertised for sale at higher prices than esure's valuation. I've considered the advertisements, which are for vehicles varying in age (some are newer than Mr F's vehicle) and mileage (some are similar to Mr F's vehicle, others are lower). The values' range includes ones from £3,495 through to £5,990 (with lower mileage vehicles at the upper end of the range). And while they indicate some vehicles being advertised for higher values, one at £3,495 has a slightly lower mileage than Mr F's vehicle and is slightly younger.

I've also noted one of the valuation guides used by esure. Guide (C), includes example vehicles for sale and while they vary in terms of mileage and age, they are broadly consistent with the valuation from the Guide used by esure, which is Guide (A). Discounting the advertisements from private sellers, there are four examples which are slightly younger than Mr F's vehicle, but with mileages that range from slightly less to slightly more than Mr F's vehicle. The values range from £2,995 through £3,450 to £3,495 (two vehicles at the latter figure). Three of which are close to esure's valuation.

Taken together, while there are some vehicles advertised at higher prices, there are others at, or slightly below esure's valuation, so I can't conclude esure's valuation is clearly out of line with vehicles advertised for sale.

I've also considered what Mr F has said about the optional extras fitted to his vehicle and its condition, including work he had carried out on the vehicle and its MOT record. While optional extras may make a vehicle more attractive to a potential purchaser, in general they don't add to a vehicle's market valuation and will depreciate alongside the vehicle itself. Particularly, as in this case, where the vehicle is older (Mr F's vehicle was 16 years old at the time of the accident). One of the valuation guides includes information on the cost (when new) of the optional extras available for the vehicle. None have a value that adds to the market valuation, indicating the extras don't increase the market valuation. Other features mentioned by Mr F may be considered modifications, but again I'm not persuaded they would be likely to add to the market value of the vehicle.

Mr F also points to his vehicle having refurbished alloy wheels and a strong service and MOT history. However, again I think that while these factors may have made his vehicle potentially more attractive to a potential purchaser, I'm not persuaded they would increase the market valuation.

Taking all these conclusions together, I've concluded esure haven't acted unfairly in their settlement valuation of Mr F's vehicle.

Mr F also complains that esure didn't respond to his request to discuss the valuation of his vehicle. However, following C's initial valuation they issued their final response two days later which included a higher valuation, following review of the case, based on the highest valuation guide figure as I've set out. Which indicates they were willing to reconsider their settlement offer and increase it to a figure I've concluded is fair and reasonable. So, I don't think esure have been unresponsive to concerns raised by Mr F, even if they didn't enter into a dialogue.

Taking all these points together, I've concluded esure haven't acted unfairly and unreasonably, so I won't be asking them to increase their valuation or take any other action.

My final decision

For the reasons set out above, my final decision is that I don't uphold Mr F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 17 June 2025.

Paul King
Ombudsman