DRN-5364531

The complaint

Mr V complains about esure Insurance Limited’s (esure) handling of a claim he made under his motor insurance policy and the amount they paid him for his vehicle.

What happened

Mr V held a motor insurance policy with esure. He contacted them in April 2024 to make a claim following a road traffic accident. An engineer inspected Mr V’s vehicle and concluded the damage caused would mean it was a ‘total loss’ - meaning it would cost more to repair the vehicle than it was worth. They valued it at £7,800, which they said was based on a range of guides they had used in order to assess the value. The highest of the guide prices of £8,550 was used, less Mr V’s £750 excess.

Mr V wasn’t happy with the time it had taken to inspect his vehicle, the cost of his excess, as well as the value esure put forward, because this wasn’t enough to settle his vehicle’s outstanding finance, so he raised a complaint. He also wasn’t happy that esure didn’t provide communication via letter. In response, esure said they were partially upholding the complaint in respect of delays and communication issues and awarded £50 compensation. But in respect of the vehicle’s valuation, they said the value put forward was fair and they had waived Mr V’s excess.

Mr V remained unhappy with esure’s response to this complaint, so he brought it to this Service. Around that time, esure got in touch to put forward an offer as they felt their initial compensation award was low and offered to increase this to £300. But they said they had raised the highest guide value of £8,550 directly to Mr V’s finance provider fairly.

In response, Mr V said he wanted esure to cover two finance payments he had made while waiting for esure to conclude his claim of £507.50 on top of the £300 compensation. As Mr V didn’t agree with the settlement offer esure put forward, an Investigator looked at what had happened and concluded that the complaint should be upheld. The Investigator said esure’s settlement of £8,550 was the highest of the guide prices used and was fair. And he said esure had caused delays so should pay £300 compensation. But he didn’t think they needed to pay the additional finance payments as the settlement was lower than the outstanding finance Mr V needed to pay so he always would have needed to settle this.

In response, esure agreed with the Investigator’s findings, but Mr V didn’t. He said the guides being used didn’t include optional extras which meant the settlement was too low. Mr V asked for an Ombudsman to consider the complaint – so, it’s 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.

Having done so, I’ve reached broadly the same outcome as the Investigator. I appreciate this will come as a disappointment to Mr V, so I’ve explained why below.

The key issues of this complaint are the total loss settlement, additional finance payments, and claim delays. I've addressed each in turn.

Total loss settlement

The terms of Mr V's policy explain what esure is required to do in the event his vehicle is deemed a total loss – which is to pay the market value of the vehicle. The terms also say:

> *"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, Cazana and CAP."*

It's standard practice for a motor insurer to use valuation guides to work out the estimated value of a car, and it's not unreasonable that they do 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 loss. esure assessed the value of Mr V's car by using valuation guides which produced valuation figures of between £7,420 and £8,550. They put forward the highest of these. I've also considered the range of the guides used within the motor insurance industry for valuing cars which gave values between £6,995 and £8,550.

I'm aware Mr V has raised his concerns over a number of optional extras for his vehicle including a panoramic sunroof, heated seats, a built-in satnav, cruise control and traction control. The Investigator previously explained that the vehicle specification provided by the highest guide listed these as standard fittings, and this meant this hasn't increased the valuation of the vehicle. Mr V disagreed and said the optional extras had cost him around £3,000 when he purchased the vehicle so he couldn't understand why they wouldn't increase the valuation.

It may help if I explain that as with vehicles generally, optional extras will depreciate over time, some extras wouldn't usually be expected to have much impact on the value of the car for an older car such the car in this example. However, in addition to this, the Investigator queried whether the optional extras would increase the value with the guide provider directly who said:

> *"…we have investigated this query and can confirm that our values represent this car with the equipment mentioned and the used car market, therefore, there is no requirement to amend any valuations quoted"*

It therefore follows that, as I haven't been provided with any evidence to show a higher valuation is due, I find esure's total loss settlement to be fair in the circumstances and it wouldn't be fair or reasonable to direct them to increase this.

Additional payments

Mr V asked esure to repay him the cost of two finance payments he made while he was waiting for them to settle his claim totalling £507.50. While there is no doubt esure did cause delays at the start of the claim; Mr V would always needed to have paid them even if there were no delays in settlement.

I say this because the settlement letter from Mr V's finance provider outlined that the total due was less than the settlement esure paid. This means Mr V would always have had a surplus to clear. As such, I don't find that it would be fair or reasonable to direct esure to repay these sums,

<u>Claim delays</u>

In respect of claim delays, esure have confirmed there were errors in their handling of the claim, and they caused delays initially. There was also an issue with Mr V's preferred method of communication via letter, in which esure initially said they were unable to send out letters, but later clarified that this had been wrong, and they should have done this for Mr V.

This means I don't need to make an extended finding on whether or not esure acted unfairly. Instead, I need to think about what the impact was to Mr V and whether esure did enough to put things right. I can see esure have already made a compensation offer of £300 for distress and inconvenience. So, I need to think about whether that's enough compensation to reflect the impact on Mr V of Admiral's actions.

I've weighed up Mr V's testimony, the available evidence, and the duration of the delays. Overall, I think the compensation amount of £300 is fair in the circumstances and reflects the impact esure's actions had on Mr V. And I'm satisfied this level of compensation produces a fair conclusion in this particular case.

My final decision

For the reasons I've outlined, my final decision is that I uphold this complaint. I direct esure Insurance Limited to:

- Pay £300 compensation for distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 29 May 2025.

Stephen Howard
Ombudsman