

## **The complaint**

Miss J complains about the settlement esure Insurance Limited (“esure”) offered her following the total loss of her car. As well as the standard of service she received throughout her claim, under her motor insurance policy.

## **What happened**

Miss J was involved in an accident when driving on 28 August 2024. She contacted esure to make a claim. It told her that her car was beyond economical repair and offered her £1,453 in settlement less her £300 policy excess. Miss J thought her car was worth more. She says it was in excellent condition. esure then increased its settlement to £2,252 on 9 September and sent the payment by cheque.

Miss J says she couldn’t find a replacement car for the settlement amount esure was willing to pay her. She says her car is worth much more than it offered and the service she received was poor.

In its final complaint response dated 9 September 2024 esure says its policy pays the market value in the event of a total loss. It obtained valuations from three of the industry trade guides and paid the highest of these. In a later response dated 7 October esure informed Miss J its engineering team had been in touch with her. It says it wasn’t increasing its settlement offer.

Miss J didn’t think esure had treated her fairly and referred the matter to our service. Prior to considering the matter esure made an offer of £75 compensation to Miss J to resolve her complaint. We put this offer to her, which she rejected. Our investigator then considered the matter. He upheld Miss J’s complaint. He thought the method it had used to value her car was fair. But its communication had been poor regarding further concerns Miss J raised about the valuation. That said he thought £75 compensation was reasonable to put this right.

Miss J didn’t accept our investigator’s findings and asked for an ombudsman to consider her complaint.

It 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.

Having done so I’m upholding this complaint in part. I’m not adding to the outcome our investigator thought was fair. But because esure didn’t offer a fair resolution until after the complaint was referred to us, the complaint has to be recorded in this way. Let me explain.

Miss J’s policy provides the market value in the event of a total loss due to accident damage. This 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: [list of trade guides]. This may not be the price you paid when you bought the car.”*

We don't provide valuations for vehicles but rather we look to see whether the insurer's offer is reasonable. In assessing whether a reasonable offer has been made, we obtain valuations from the motor trade guides.

These guides are used for valuing second-hand vehicles. We find these guides persuasive because their valuations are based on nationwide research and likely sales figures. The guides also consider regional variations. We also take all other available evidence into account, for example, engineer's reports.

esure obtained valuations from three of the four trade guides we use. It sent Miss J a cheque for £2,252, which represents the highest of the valuations it obtained. Our investigator obtained valuations from the same guides. I've checked to see that he used the correct make, model, mileage, condition etc., which he did. I also checked that he used the correct loss date which was 28 August 2024. Again, this was correct. The highest of these valuations came to £2,250.

We looked to see if a valuation could be provided by a further trade guide. But due to the age of Miss J's car the remaining guide couldn't produce a valuation.

The approach our service takes to these disputes is that where an insurer offers less than the highest trade guide valuation, we expect it to evidence why this is fair. However, in this case esure has offered a settlement slightly above the highest of the valuations we obtained. The business has also supplied some adverts showing similar cars for sale. I note those priced above esure's offer have covered significantly less mileage than Miss J's car. So, this adds further weight to its offer representing a fair market valuation.

Miss J had provided an advert showing a similar car for sale. However, this has covered significantly fewer miles than her car and so isn't reasonably comparable.

Having considered this evidence carefully, I think the fairest approach is for esure to base its settlement offer on the highest of the trade guide valuations. This is because I'm not persuaded by the evidence I've seen that it's fair to go outside of our established approach. esure paid £2,252 in settlement of Miss J's claim, which is higher than the highest of the valuations we obtained. So, I won't ask it to pay more.

Looking through the timeline of events, esure told Miss J her car was a total loss on 4 September 2024. This was less than a week after her accident. The settlement was subsequently increased to the final amount on 9 September. This was also the date of its final complaint response. Based on this, I don't think the timeframe involved here was unreasonable. However, I note Miss J's comments that she wasn't given more detailed information about the damage and the total loss categorisation until sometime later.

I can see from the engineer's report that Miss J's car was a Category B total loss. This means the car can't be returned to the road. So, Miss J won't have been able to arrange repairs herself. So, I don't think she's been financially impacted by a lack of timely communication on this point. However, I accept this has been frustrating and caused her inconvenience. Overall, I think it's fair that Miss J is paid some compensation by esure. But I think £75 is reasonable so I won't ask it to pay more than this. Miss J can contact esure if she wants to accept this payment.

**My final decision**

My final decision is that I uphold this complaint in part. But for the reasoning set out I'm not asking esure to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 28 March 2025.

Mike Waldron  
**Ombudsman**