

The complaint

Miss W complains about how esure Insurance Limited ('esure') handled a claim made on her car insurance policy, including the total loss valuation it placed on her car.

What happened

In June 2024, Miss W's car was damaged by being hit by a van whilst parked. So, she contacted esure to make a claim. esure then arranged for the car to be collected and taken to a salvage agent.

One week after the accident, Miss W contacted esure to complain, saying the salvage agent said her car was a total loss and asked for her bank details, even though esure hadn't provided her any update.

In July 2024 the car was taken to a garage. Miss W says more damage was caused to the car while it was being transported.

esure then instructed an independent engineer, who found the car was a total loss with a valuation of £8,888.

Miss W has complained about several points, including:

- On multiple occasions she was told the car was repairable.
- The car was damaged while being transported.
- The total loss valuation isn't a fair market value. Miss W thinks the car was worth £11,000 at the time of the accident.
- esure asked Miss W to return her hire car which has caused her to incur travel costs by paying for a hire car herself and for taxis.

esure provided two final responses to complaint made by Miss W.

In the first final response, dated 30 July 2024, esure said it had let Miss W down in relation to the level of service it provided, and it agreed to pay her £150 for this. esure also said it would contact Miss W once a decision had been reached on repairs to her car, and it would continue to provide a hire car *"until we have sorted this out one way or another"*.

In the second final response, dated 9 August 2024, esure agreed to increase the total loss valuation to £9695. It also said it believed the recovery agent had caused some damage to the rear of the car, but it didn't think changed the claim outcome as the damage from the original accident was enough to have made the car a total loss.

Our investigator didn't think esure had unfairly decided the car was a total loss, or that its valuation was unfair. He also didn't think the car being damaged in transit affected it being a total loss. However, he thought esure's standard of communication on the claim had been

poor, which warranted additional compensation. So, he said esure should pay Miss W an additional £150, and it should also not hold Miss W liable for storage costs which had accrued.

esure accepted the investigator's opinion – but said it can't store the car indefinitely and was awaiting a decision from Miss W on whether she wished to retain the car.

Miss W didn't agree with the investigator's opinion, so the complaint was referred to me to decide.

I issued a provisional decision upholding the complaint, and I said:

"I should start by saying while I've read and considered everything Miss W and esure have provided, I won't be commenting on every point made. I'll instead concentrate on what I consider are the key points I need to think about for me to reach a fair and reasonable decision. This isn't meant as a discourtesy to either party, but instead reflects the informal nature of this Service.

I've begun by looking at the policy terms. These say esure has discretion how it will settle a claim, and will either pay to get the car fixed, replace what's been lost or damaged, or pay for what's been lost or damaged. If the car is considered a total loss, the terms say esure will pay the market value – which the terms define as the amount the car could reasonably have been expected to sell for immediately before the accident or loss.

Although the terms gave esure the discretion to settle the claim by paying a total loss, instead of repairing the car, I've considered if it exercised that discretion fairly.

I've looked at the independent engineer's report. This estimated the repairs would cost a total of £5313.46 and said the damage Miss W reported happened while the car was in transit wasn't included in the repair estimate. The report includes a list of damaged parts, which all appear to be parts around the front of the car where the impact from the original accident happened. So, based on these points, I think it's likely the repair estimate didn't include damage which wasn't from the original accident.

The engineer gave a valuation of £8,888 for the car. However, esure said the car had a salvage value of £3586. So, based on this valuation, it would have cost esure more to repair the car than to pay a total loss settlement.

However, the valuation was disputed, and esure later agreed to increase it. So, I've considered if the final total loss valuation esure reached was fair, and if increasing the valuation had any impact on whether it was fair for esure to write the car off instead of repairing it.

I should say here my role isn't to value Miss W's car, but to assess whether esure followed a fair valuation process. So, I've looked at how esure valued the car, and considered if the way it did so was fair. And since esure later agreed to increase the valuation to £9695, I'll be considering that amount rather than the earlier valuation of £8,888.

esure based its valuation on motor valuation guides. This is in line with standard industry practice and isn't unreasonable given the valuations from these guides are generally based on the prices of similar cars for sale.

esure obtained valuations of £9410, £8365 and £9695 from three different motor valuation guides. Using the date of loss and mileage for the car at the time of loss, our investigator

obtained valuations of £9077, £8295, £9490 and £9596 from four different motor valuation guides.

We generally say to avoid the risk of detriment to a customer not receiving a fair market value, insurers should use the highest value provided by motor valuation valuation guides unless it's shown it would be unfair to do so. Although esure didn't initially do that, it has done so now given the final total loss valuation it reached matched the highest valuation provided by the motor valuation guides.

I acknowledge Miss W doesn't think esure provided a fair market value. Miss W has provided a screenshot of a similar car to hers which has a price displayed closer to £11,000. But this is from a salvage company's website and is a screenshot of a car offered for auction. The amount displayed is an 'estimated retail value', which according to the salvage company's website is an unverified figure provided by the seller. So, I don't find it persuasive.

Motor valuation guides use a range of different prices to value vehicles. Several valuation guides have been used by esure and our investigator all producing broadly similar prices. And although I've considered the evidence Miss W provided, I don't think it's been shown £9695 wasn't enough for Miss W to have bought a similar replacement car at the time of loss. So, on the evidence provided I think esure has fairly valued the car.

But this also means that esure's initial valuation of £8,888 was unfair, and since this was the amount used to decide to write the car off, I've considered the impact increasing the valuation may have had on the decision to not repair the car.

Had esure used the valuation of £9695 from the start, the cost of repairs would have been about 55% of the vehicle's value. And I think it's likely based on that difference, esure would have decided to repair the car had it used this valuation from the start. So, I think esure's decision to write the car off was unfair, and has caused Miss W a lot of upset since from the start she wanted the car repaired.

Looking now at the level of service Miss W received, I think it's likely Miss W was misinformed the car would be repaired. Miss W has provided detailed testimony about this, and esure's claim notes show on 12 July 2024 it spoke with the salvage agent who said the car was deemed repairable. I think this caused Miss W a loss of expectation, and added to her upset.

esure also hasn't disputed the car was damaged in transit. And while I don't think this had an impact on the car being written off, I think it has caused Miss W further upset.

I've considered Miss W's comments about her travel costs after she had to return the hire car. Although I agree esure should have repaired the car instead of writing it off, esure were only required under the policy terms to provide a hire car until it settled the claim.

esure has complied with the policy terms since Miss W was asked to return the hire car after the initial total loss settlement was paid. And although I acknowledge Miss W disputed esure writing the car off, and disputed its valuation, she still would have had a responsibility to mitigate her own loss, which I'm not persuaded she did after esure paid the total loss settlement.

Miss W says her premium increased after the accident. But I haven't seen anything to show she has already complained to esure about this. So, I can't consider it here, and Miss W will first need to complain directly to esure.

esure agreed to the investigator's recommendation to increase the compensation to £300. But having considered everything which happened, including the the upset caused by esure writing the car off when it likely would have repaired it if it had used a fair valuation at the start, I think more compensation is warranted than this. And I think a total of £500 would be a fair and reasonable amount.

Lastly, esure has agreed it won't hold Miss W liable for the storage costs the car has accrued while her dispute has been ongoing. But has said that Miss W will need to decide if she wishes to retain the car. I think that's reasonable and since esure has already paid the total loss settlement, including the additional amount when it increased the valuation, I can't reasonably expect esure to pay to store the car indefinitely.

So, I think esure should cover the existing storage costs and should allow Miss W a further 28 days from the date of my final decision to decide whether if she wants to retain the salvage."

esure replied seeking clarification on how long it would be expected to continue to cover any storage costs for. Miss W replied disagreeing with the provisional decision, and in summary she said:

- Her car was mistakenly written off on the day of the accident as shown by a HPI check. This instantly decreased the value of the car.
- The car was only live assessed when Miss W questioned esure about information it had requested and following this live assessment it was agreed the car would be repaired.
- The car was damaged in transit and a second estimate should have been done with this damage kept separate from the damage from the original incident.
- esure made a payment to the car finance company without Miss W's consent.

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 considered the additional comments and evidence Miss W has provided, but I've reached the same conclusion as I did in my provisional decision.

Miss W has provided a copy of a HPI check which shows her car was written off. In the condition alert section of this HPI check the car is reported as having been written off, and a date is shown of 17 June 2024. But the HPI check doesn't specify if this date means the date the insurer decided to write the car off, or the date the damage happened which caused the car to be written off.

I don't think this, or the damage in transit materially affects the outcome though. For the reasons I gave in my provisional decision, I don't dispute it was unfair for esure to deal with the claim as a total loss instead of repairing the car. I also don't think the date on the HPI check would have had any impact of the total loss valuation, since the valuation was based on motor valuation guides and the value of the vehicle prior to the loss.

I acknowledge Miss W believes the decision to write the car off was made from the start. But given esure carried out an engineer's assessment, I think esure would ultimately have based its decision on whether to repair the car or pay a total loss on the recommendation of its

engineer. And, while I think the damage in transit has added to Miss W's distress, I've seen nothing more to show this damage was included in the repair estimate which resulted in the car being written off.

I've considered Miss W's comment about a payment being sent to the finance company without her consent. But the policy terms say:

"If we decide your car's a total loss

- We'll pay the legal owner no more than the car's market value. If you got the car via a lease, contract hire or contract purchase agreement; we'll pay the outstanding finance, up to the car's market value, to the legal owner."*

It isn't unusual for an insurer to pay a finance company when a claim has been dealt with as a total loss and I think the policy terms allowed esure to make the payment. So, I don't think esure acted unfairly by doing this.

Miss W said in her response to my provisional decision that at no point did she tell esure she was retaining the car, and that esure can have the car.

Since Miss W has said she doesn't wish to retain the salvage, I don't think it's necessary any longer for me to direct esure to cover any future storage charges whilst it awaits a decision from Miss W on whether she wishes to retain the car. But I still think esure should cover the existing storage charges which have built up.

Putting things right

I uphold this complaint and require esure to:

- Pay Miss W the £150 compensation offered in its final response of 30 July 2024, if it has not done so already.
- Pay Miss W a further £350 compensation.
- Cover the storage charges which have accrued to date.

My final decision

My final decision is that I uphold this complaint and I require esure Insurance Limited to carry out the steps I've set out in the 'Putting things right' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 3 April 2025.

Daniel Tinkler
Ombudsman