

The complaint

Mr T complains about esure Insurance Limited trading as Sheilas' Wheels' (esure's) handling and decision on a claim made under his motor insurance policy.

What happened

Mr T has brought his complaint to the Financial Ombudsman Service through a representative. But for ease of reference, I'll only refer to Mr T by name throughout, even when referring to evidence or arguments put forward by his representative.

Mr T had a motor insurance policy underwritten by esure. In June 2023, Mr T's car suffered water damage when driven during bad weather, so he made a claim to esure.

Mr T is unhappy with esure's decision to deem the car a total loss after saying it wouldn't. He says the car suffered further damage while under esure's care which resulted in the decision to deem it a total loss. He's also unhappy with the valuation placed on the car. He says the valuation doesn't properly take into consideration all the optional extras his car had. Mr T has also complained about poor communication and delays to the progress of his claim.

esure accepted its communications and claims handling had fallen short and offered Mr T £300 compensation. But it maintained the decision to treat the car as a total loss and the market valuation it placed on the car of £17,077.

An investigator considered the complaint and thought it should be upheld. She said esure should increase the valuation placed on the car to £17,790 and that it should increase the compensation offer to a total of £500.

esure accepted the investigator's recommendations but Mr T didn't agree. So, because no agreement had been reached, the complaint was passed to me to decide.

I was minded to reach a slightly different outcome to the investigator, so I issued a provisional decision to give the parties the chance to respond, before I reached my final decision. Here's what I said:

"What I've provisionally 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 minded to reach a slightly different outcome to the investigator. I'll explain why.

Valuation

The terms of Mr T's policy outline that in the event of a claim, the most esure will pay is the market value. 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 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’, Parkers and CAP. This may not be the price you paid when you purchased the car.”

Valuing a vehicle isn’t an exact science. When considering disputes about vehicle valuations, as a starting point, we’d take into account what the different industry trade guides say the market valuation of a vehicle is. We’d also take into account any other available information. The guides we use as a starting point are CAP, Glass’s, Autotrader and Percayso. And we’d typically consider the safest way to ensure a consumer receives the correct replacement cost (market value) is to make sure the insurer bases its settlement on the highest one. Or – if it doesn’t – to make sure the insurer has provided sufficient evidence to demonstrate that a valuation lower than this is fair.

When assessing the value of Mr T’s car, esure had it assessed by an engineer whose notes indicate he obtained valuation figures from three of the guides. These notes suggest the valuations he obtained were:

- *Glass’s - £16,780*
- *CAP - £17,122*
- *Cazoo (now Percayso) - £15,913*

The notes suggest the engineer recommended a valuation of £17,077 – the highest guide value they obtained, less a deduction for the car’s condition. But esure hasn’t been able to provide evidence of all the actual valuations it says were obtained from Glass’s or Cazoo at the time. So, in line with our approach to complaints of this nature, the investigator obtained her own valuations from the guides we typically use. These provided the following market value figures:

- *Glass’s - £17,790*
- *CAP - £17,122 (esure’s figure)*
- *Percayso - £14,984*
- *Autotrader – no valuation returned*

Based on these, the investigator said esure should increase the valuation placed on Mr T’s car to £17,790. She considered Mr T’s argument that the optional extras on his car would further increase the value. But she explained that because his car was over seven years old, it was unlikely that they would.

What the investigator said here is usually correct. We typically see that any value added by optional extras decreases as the car ages. And often after seven years, any value they did add has depreciated to zero. However, the CAP guide is able to give us bespoke valuations for certain optional extras, and so I’ve specifically checked this to make sure they wouldn’t have added any additional value.

The optional extras Mr T says he had on his car are:

- *Comfort and sound package*
- *Open top driving package*
- *Parking system plus*
- *Technology package*

Based on the results of the bespoke CAP valuation, these optional extras would have added £4,475 to the value of the car when new. But given the age of the car and the fact the added value depreciates over time, at the point of loss, the CAP guide says they would have added £750 of value. So, when considering the valuation placed on Mr T's car, I've added £750 to the standard valuation figure returned by the CAP guide – to reflect the added value of the optional extras.

This means the guide prices I've based my findings on are:

- *Glass's - £17,790*
- *CAP - £17,872*
- *Percayso - £14,984*
- *Autotrader – no valuation returned*

Neither side has provided me with information which has persuaded me that a valuation at the higher end of the guides would be unreasonable. And as already explained, in order to ensure there is no detriment to Mr T, my starting point would be to direct esure to pay the highest guide figure – which is now the amended CAP figure, taking into account the additional value Mr T's optional extras would have had on the market value at the time of loss.

So, in order to fairly settle Mr T's claim, I think esure needs to increase the market value placed on Mr T's car to £17,872. And to any amount which currently remains unpaid, I think esure should add 8% simple interest from the point it made its original, in my view, unfair offer, until the date of settlement. This is to compensate Mr T for being deprived of funds I think he was reasonably entitled to under his policy.

Claim handling and the total loss

Mr T is unhappy with esure's handling of the claim and the fact his car was deemed a total loss after esure said it wouldn't be. He says that due to esure's poor claim handling, the car suffered further damage while in esure's care. And that it was this damage which led to the car being declared a total loss.

In its final response letter, esure accepted responsibility for some poor claim handling and avoidable communication issues. It says Mr T had to make several calls for updates which should have been given proactively and that he was given incorrect information about the total loss of the car. It apologised for the issues and offered £300 compensation to put things right.

The investigator considered the full timeline of events between the loss and esure's final response letter. She highlighted that it took several months from the incident before the car could be collected, despite esure's agent making several attempts to contact Mr T – which wouldn't be esure's fault. But she also highlighted that once collected, Mr T's car was taken to the incorrect garage/storage facility where it appears to have been stored outside. She said she was persuaded that the car had suffered from further damage while in esure's care, because the initial engineer's report said it was repairable, but the second indicated it had suffered from further water damage. She also highlighted that the boot of the car wasn't able to be opened during the second inspection but was clearly able to be opened when the car was collected, as there are photos of it in an open position.

The investigator felt that esure's failings had most likely contributed to the car needing to be written off. And that this, coupled with the lack of clear communication about whether the car was repairable or not, and the incorrect advice Mr T received about whether he would be able to retain and repair the car himself, had caused additional distress and inconvenience which esure's offer of £300 was insufficient to cover. So, she recommended esure should increase the total level of compensation to £500 – which esure accepted.

I've thought carefully about all the evidence and arguments which surround this point. I should be clear that I'll not be able to definitively say whether the car would have been repairable prior to esure collecting it. I accept the initial engineer's report suggested the water damage was light, and that the car could be repaired. But I'm mindful this was a desktop inspection based on photos, and that the findings were subject to a more detailed in-person inspection. I'm also mindful that the car had been left, water damaged, for around four months between the loss and collection through no fault of esure's – which might have meant the car was always going to need to be written off.

However, that being said, it does appear to me to be more likely than not that Mr T's car suffered from additional damage while in esure's care. I say this for the same reasons as the investigator. That is, that the light water damage described in the initial report seemingly became sodden carpets throughout and large quantities of water sloshing around in the boot – which couldn't be opened – despite there being photos of the open boot when the car was collected a month prior, and no visible water damage inside it. So, on balance, I'm persuaded the car suffered from additional damage while in esure's care. And as the initial, albeit desktop, inspection stated the car was repairable, I think it's more likely than not that this additional damage contributed to the fact that the car needed to be treated as a total loss.

While I'm mindful that in receiving the increased total loss settlement I've set out above, that Mr T will have been fully indemnified for the loss of his car, under his policy, I don't think this is sufficient to fully recognise the impact of the disappointment and distress esure's failings have caused him. It's clear to me that Mr T would have chosen to keep and repair the car had he been able to do so. And while I can't definitively say it was esure's failings in isolation that led to this, rather than the initial loss, I do think its failings contributed. And I think these failings, coupled with esure's accepted poor claim handling and communications have led to a significantly higher level of distress and inconvenience than esure's offer of £300 would cover.

To put things right, in addition to paying the increased total loss payment set out in the above section, I think esure should pay Mr T a total of £800 compensation (including the £300 already offered) for the distress, inconvenience and loss of expectation its handling of his claim has caused him."

I said I was intending to direct esure to increase the market valuation placed on Mr T's car to £17,872, plus interest on any amount unpaid, and to pay a total of £800 compensation for the avoidable distress and inconvenience it had caused him.

I asked both sides to send me any further evidence or arguments they wanted me to consider before I reached my final decision.

Mr T responded to say he had nothing to add the findings in my provisional decision. However, he requested I hold off issuing a final decision until he had the opportunity to obtain and provide a new engineer's report to challenge the write off category placed on the car by esure.

The investigator explained to Mr T that I wouldn't be able to consider the content of a new engineer's report, or a dispute about the write off category, under this complaint. But that Mr T was free to obtain and provide such a report directly to esure to be considered separately. Mr T appeared to accept this.

esure responded to my provisional decision to confirm it accepted my findings around the increased valuation on the car. But it questioned why I felt it was appropriate to increase the distress and inconvenience award from the £500 it agreed to pay following the investigator's view to £800.

As both parties have now provided their responses to my provisional decision, I'm moving forward with my final decision.

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 also carefully considered the responses to my provisional decision. Having done so, my conclusions remain the same as outlined in my provisional decision. I'll explain why.

As explained by the investigator, I wouldn't be able to consider a dispute about the write-off category placed on the car under this complaint, nor the content of a new engineer's report which esure hadn't had, or considered, prior to this complaint being made. I note that Mr T appears to have accepted this position, and the remainder of the findings outlined in my provisional decision.

Should Mr T obtain an engineer's report which supports the category placed on his car was incorrect, he can provide that to esure for consideration. And should this result in a new complaint, he may be able to refer that complaint to the Financial Ombudsman Service, subject to our normal rules and timescales.

In terms of esure's question/concern with the increased level of compensation I provisionally decided was fair, I think I explained the reasons behind this clearly in my provisional decision.

Effectively, on the balance of probabilities, I think it's more likely than not that Mr T's car would have been repairable, but for esure's errors. Therefore, Mr T has lost out on the ability to retain and repair his car because of esure's failings.

I'm persuaded the car was important to Mr T and that he would have wanted to retain and repair it. So, I think the avoidable upset and inconvenience he has suffered as a result of esure's errors, including the already accepted customer service issues, was more significant than £500 compensation would reflect.

When considering everything that happened and everything Mr T has told us about how he has been impacted, I consider a fair and reasonable amount of compensation in this case is £800. I think this amount more fairly reflects the impact of the poor customer service issues, and the, on balance, avoidable loss of the opportunity to repair and retain the car.

My final decision

For the reasons I've explained above, and in my provisional decision, I uphold Mr T's complaint.

esure Insurance Limited trading as Sheilas' Wheels must:

- Increase the market valuation placed on Mr T's car to £17,872.
- To any amount yet to be paid to Mr T, add 8% simple interest from the date of esure's initial settlement offer until the date of settlement.
- Pay Mr T a total of £800 compensation for the avoidable distress and inconvenience its handling of the claim has caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 7 May 2025.

**If esure Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr T how much it's taken off. It should also give Mr T a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.*

Adam Golding
Ombudsman