

The complaint

Mrs B complains esure Insurance Limited (esure) unfairly settled her claim on her motor insurance policy.

What happened

Mrs B made a claim on her motor insurance policy after her car was stolen.

esure made a total loss settlement offer of £2,291, less the policy excess.

Mrs B was not happy with the settlement amount. She felt the car was worth more.

Because Mrs B was not happy with esure, she brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and said esure should increase its settlement to the highest valuation guide of £4,010 less the policy excess and £50 for the cost of MOT. And it should pay her £100 for the distress and inconvenience caused due to the car not being collected from the police compound sooner than it was.

As esure is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

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.

In this case I have considered whether esure acted fairly and reasonably in reaching its decision as to the level of settlement offered to Mrs B following the write-off of her car.

My role is not to provide an exact valuation but to make a judgment as to whether the offer of settlement is fair.

I firstly looked at the details within Mrs B's motor insurance policy with esure. In the terms of the policy it says;

“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. This may not be the price you paid when you purchased the car”.

Although this service doesn't value vehicles, we do check that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. We use valuation guides to do this, and they're based on nationwide research of likely selling prices and take the car's specifications, mileage etc into account.

This service doesn't consider the question of market value to be an exact science, however our general approach is that the valuations given in the main motor valuation guides provide the most persuasive and consistent evidence. These guides are based on extensive nationwide research of likely (but not actual) selling prices.

I looked at the information esure used when calculating the market value for Mrs B's car. I saw it obtained valuations from three of the main valuation guides. In this case esure discounted the highest valuation of £4,010 as it was significantly higher than the others and offered £2,291 which is the average of the two similar lower valuations. I saw when Mrs B brought her case to our service it increased its offer to £2450 which was the highest of the two similar valuations.

I looked at the valuations our investigator obtained. They used three of the main valuation guides, of which were the same as used by esure. The highest of these four valuations was £4,010 and the lowest was £2,244.

Prices of used cars can change on a regular basis. This could be an increase or decrease. This is the reason why we take the approach that if esure can demonstrate, that it used a fair process to value the car then we wouldn't interfere with the offer it has made.

The valuations have shown a range of values in this case between £4,010 and £2,244. If one guide is significantly higher than the other guides, we don't automatically discount it unless there is something to suggest it's wrong.

In this case I also considered adverts for similar cars for sale that were provided by both esure and Mrs B. Mrs B provided adverts of some similar cars which were advertised for sale between £3,995 and £4,500. esure provided adverts of similar cars all advertised at around £2,500. The most similar car to that of Mrs B's car was advertised at £3,995.

Based on these adverts, I don't think the settlement amount paid for Mrs B's car is fair in this case. I am not persuaded esure has provided enough evidence to justify discounting the higher valuation, and I am satisfied that the highest valuation obtained is in line with the list of advertised sales prices and that this is a fair market value settlement offer. In this case I think going by the highest valuation will ensure Mrs B has received a fair offer, allowing her to replace her car with one of a similar make, model and specification.

I therefore require esure to pay the highest valuation guide figure of £4,010 less the policy excess. It is a requirement of Mrs B's policy to keep her car roadworthy and with a valid MOT if required by law. Because her car had no valid MOT at the time of theft I think it fair and within the terms of her policy for esure to deduct £50 as an average cost of an MOT test from the settlement valuation.

esure said it was not aware Mrs B's stolen car had been recovered by the police until 25 March 2025. However when its engineer called her to explain its total loss settlement offer on 13 March 2025, they discussed that the car was at the police compound and that Mrs B may wish to retain the salvage. esure therefore knew before 25 March that the car had been recovered and could've started the process to recover the car before it did, which would've avoided the police having to contact Mrs B causing her distress and worry about potential storage costs.

Therefore, I uphold Mrs B's complaint.

Putting things right

I require esure to increase its settlement offer to the highest valuation of £4,010 less £50 for

the cost of an MOT; total settlement of £3,960 less the policy excess. It should also add 8% simple interest on the difference in settlement amount from the date the initial settlement amount was paid to the date of final settlement. I also require esure to pay Mrs B £100 for the poor level of service given.

My final decision

For the reasons I have given I uphold this complaint.

I require esure Insurance Limited to increase the settlement offer for Mrs B's car to £3,960. This should be paid less the policy excess and anything already paid. It should pay 8% simple interest on the difference in amount from the date the initial settlement was paid to the date of final settlement. Plus £100 compensation for the distress caused by the poor level of service received.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 25 June 2025.

Sally-Ann Harding
Ombudsman