

The complaint

Mr A complains about how esure Insurance Limited ('esure') handled a claim made on his car insurance policy including the total loss valuation it placed on his car and a poor standard of communication.

What happened

In December 2024 Mr A contacted esure to make a claim on his car insurance policy after being involved in an accident which damaged his car.

esure assessed the claim by reviewing images and video of the damage and deemed the car a total loss. As such, it decided to settle the claim by paying Mr A a cash settlement based on a pre-accident valuation of £5,212.

Mr A complained that the valuation wasn't a fair market value, that esure hadn't physically inspected the car despite earlier telling him it would, that it hadn't correctly categorised the salvage of the vehicle or set out in advance there would be a fee for him to retain the salvage, and that it hadn't responded to some of his communications.

esure provided a final response to this complaint on 28 February 2025. In summary, it said:

- It couldn't find any record of having told Mr A it would carry out a physical inspection of his car.
- The salvage category was based on the level of damage to the car and its expert's own knowledge. If Mr A didn't agree with the salvage value, he could obtain his own independent engineers report, and it would consider this.
- Its engineer attempted to call Mr A on 17 December 2024 to discuss the case, but couldn't reach him and left a voicemail explaining he couldn't discuss the matter with Mr A's son for data protection reasons.
- Although it had now paid Mr A the total loss, he was entitled to accept this as an interim payment and could still dispute the valuation.

Although esure didn't uphold Mr A's complaint, it offered to compensate him £50 as a gesture of goodwill. Dissatisfied with this response, Mr A brought his complaint to us.

Our investigator didn't find esure had acted fairly. He said esure had valued the vehicle using three valuation guides and reached its valuation of £5,212 by applying an average to the closest two valuations. But in doing so, it had discounted a higher valuation of £6,440 and hadn't shown this was fair. And although esure had provided some adverts to support its valuation, it had only provided two and one was for a car one year newer than Mr A's and the other showing a car with a value of £4,650 was labelled at reduced. So, he didn't find these persuasive.

To put this right, the investigator recommended esure pay Mr A an additional amount to bring the total loss settlement in line with the £6,440 valuation.

In addition to this, the investigator thought that esure had misinformed Mr A his car would be physically inspected and hadn't responded to an email he'd sent. So, in recognition of the distress and inconvenience this caused, he recommended esure compensate Mr A £200.

Because esure didn't agree, the complaint was referred 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 decided to uphold this complaint. I'll explain why.

I should start by saying it isn't our role to say exactly what a car is worth. We instead look at whether an insurer has provided a fair and reasonable settlement which is in line with the policy terms.

I've looked at the terms of Mr A's policy. These say esure will settle a claim either by paying to get the car fixed, replacing what's been lost or damaged, or paying for what's been lost or damaged. The terms also give esure the discretion to decide which of these methods to use. And if the car is deemed a total loss, the terms say the most esure will pay is the car's market value, which is defined as the amount the car could reasonably have been sold for on the open market immediately before the accident or loss.

Although the policy terms gave esure discretion to deal with the claim by paying a cash settlement, I've considered if it exercised that discretion fairly. esure has provided a copy of the repair estimate it carried out and I'm satisfied this shows the cost of repairs would have significantly exceeded the value of the car. So, because it wasn't economic for esure to pay to repair the car, I find it was reasonable for it to settle the claim by paying a total loss settlement.

I've next considered if esure fairly valued the car. esure checked the value of the car by using motor valuation guides and it has provided evidence of this showing it used three different guides. Using motor valuation guides is standard industry practice to obtain an estimate of the value of a car, and it isn't unreasonable given that these guides are based on the prices of similar cars for sale of a similar mileage and age at the time of loss.

esure obtained the following valuations using three different guides: £6,440, £5,075 and £5,350. However, esure discounted the £6,440 valuation and reached its settlement value of £5,212 by averaging the lower two valuations. Other than saying the £6,440 valuation was more than the other two, I don't think esure has shown why it decided to discount this valuation.

Our investigator also checked the valuation guides, and using another guide esure hadn't used, obtained a fourth valuation of £4,839.

Looking at the valuations, I'm not persuaded that esure provided a fair and reasonable market value. This is because the guides produced a range of valuations from £4,839 to £6,440, but esure decided to discount the higher valuation and use an average based on two lower valuations instead. And it hasn't shown why it was fair for it to discount the higher valuation or that this valuation was inaccurate or unreliable in some way.

Since esure decided not to use the higher valuation of £6,440, I would expect to see further evidence to show that Mr A could replace his car with one of the same make, model, age and similar condition and mileage using the £5,212 valuation esure based its total loss settlement on.

esure has provided two adverts which it believes shows that its valuation was a fair market value. But I don't find these to be persuasive. I say this because one of the adverts is for a car which is one year newer than Mr A's, so it isn't a good match. This leaves only one advert. But generally I don't find a single advert to be a persuasive representative indication of a market value. In addition to which, it's unclear where this advert originates from, what date the advert is from, or why the car in the advert has been marked as reduced.

As a result, I don't think it's been shown that there isn't a risk of detriment to Mr A in not receiving a fair market value for his car if a lower valuation is used than the highest guide valuation of £6,440. So, to put this right, esure should make an additional payment to Mr A to bring the total loss settlement payment in line with the £6,440 valuation and to reflect that Mr A has been without these additional funds, esure should add simple interest to this additional payment at a rate of eight percent per year calculated from the date it made the original total loss payment to the date of settlement.

I've considered Mr A's comments about the salvage. But I don't find esure acted unfairly by retaining the salvage as this is standard industry practice when an insurer makes a total loss payment. Effectively, the insurer is paying the insured what the car was worth immediately before the loss and in doing so takes possession of the salvage. If Mr A were to receive a total settlement for the full market value of his car and retain the salvage, this would place him in a better position than before the loss as he would have received the monetary value of what the car was worth before the accident and also be able to benefit from the salvage of the car.

Consequently, it was reasonable and in line with industry practice for esure to have proposed a deduction from the claim if Mr A wanted to retain the salvage as this represented what esure would have lost out on had it not kept the salvage.

I've lastly considered if esure communicated fairly with Mr A. Mr A has provided a copy of a webchat transcript. In this he was told by esure his car was written off following an assessment of photos and videos. He asked if esure could carry out an assessment to check if the car was too expensive to repair and said he wanted the option to take the car back. esure replied to this saying it would send instructions to its repairer to collect the vehicle. So, I think esure unfairly set an expectation it would carry out a physical assessment of the car.

I can also see that Mr A wrote to esure on 22 December 2024 with some questions. But I haven't seen evidence showing esure replied to this until after Mr A chased it up on 17 January 2025 with his complaint.

So, I think there was some poor communication which likely caused Mr A some distress and inconvenience. For the impact this caused, I agree with the investigator that £200 is a fair and reasonable amount which is in line with our award levels. So, I've also decided esure should compensate Mr A this amount.

Putting things right

I uphold this complaint and I require esure to:

- Make an additional payment to Mr A to bring his total loss settlement in line with the £6,440 valuation and add eight percent simple interest per year to this additional

payment calculated from the date of the original total loss payment to the date of settlement.

- Pay Mr A £200 compensation for the distress and inconvenience caused by its handling of his claim. If esure has already paid Mr A the £50 compensation it offered in its final response, it may deduct this from the payment.

If esure considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr A how much it's taken off. It should also give Mr A a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold this complaint and I require esure Insurance Limited to carry out what 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 Mr A to accept or reject my decision before 29 September 2025.

Daniel Tinkler
Ombudsman