DRN-5742519

The complaint

Mr F has complained about esure Insurance Limited. He isn't happy about the valuation of his car after it was deemed a total loss following a claim under his motor insurance policy.

What happened

Mr F made a claim under his motor insurance policy after he was involved in an accident. When esure looked into the claim it declared Mr F's car a total loss, but Mr F wasn't happy with the valuation of his car.

esure looked to value Mr F's car after it was written off by looking at a number of the various motor valuation guides in order to gauge the market value of his car. Its engineer initially discarded the highest of the valuation guide valuations found of just over £17,000 as they suggested it was an outlier and valued the vehicle at around £14,500 (which was an average of the other three valuation guides) and deducted £520 for pre-existing damage (PED). It went onto include the highest guide and offered £15,134 less the cost of PED. But as Mr F wasn't happy and thought his car was worth around £18,000, he complained to this Service.

Our Investigator looked into things for Mr F and upheld his complaint. He looked at the available motor valuation guides for Mr F's car from around the time of claim and thought the fairest thing to do in this instance was to pay Mr F the highest of the trade guide valuations he found (£17,273) less the PED. This was because he didn't think esure had provided sufficient evidence to show that a lesser overall valuation was fair.

esure didn't agree and provided three adverts it felt supported its position. But our Investigator highlighted that Mr F had provided adverts supporting his position that his car was worth more than it had offered, so he thought the fairest thing to do was to go with the highest of the valuation guides found.

As esure didn't agree the matter has been passed to me for review.

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 agree that this complaint should be upheld. I'll explain why.

This Service has an approach to valuation cases like Mr F's which has evolved in recent times. When looking at the valuation placed on a car by an insurance company, I consider the approach they have adopted. And decide whether the valuation is fair in all the circumstances.

It isn't the role of this Service to come to an exact valuation of a consumer's car. But we do look to see if insurers have acted reasonably in looking to offer a fair market value of the car in line with the policy terms and conditions. I pay attention to the various motor valuation guides used for valuing cars. And I look at any other evidence provided by both sides, such as advertisements or details about the condition of the car.

Valuing second-hand cars is far from an exact science and it isn't my role to value Mr F's car. I'm just looking to see if esure has acted reasonably in providing a fair market value of his car and, overall, I don't think its valuation was fair.

Ultimately, the policy requires esure to compensate Mr F, the policyholder, for the market value of his car. The policy defines market value as '*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 a car of the same make and model and of a similar age, condition and mileage at the time of accident or loss.'*

In assessing what constitutes a fair value we generally expect insurers to review relevant guides to motor valuations – which is also our starting point for most valuation complaints. And I've looked at the available guides to assess whether esure's offer is fair and reasonable. I have reviewed the various guides that were available, which gave values ranging between £14,641 and £17,273. And looking at the valuations produced by the guides, I'm not persuaded esure's valuation offer of £15,134 (less the cost of PED) is fair. I note that esure's own valuation figures differed slightly, but I agree with our Investigator that the detail it provided about the valuations isn't clear, so I think the use of the valuation guides gained by our Investigator feels fair here.

In looking at the guides they have produced valuations which vary from the lowest to the highest. esure's offer sits towards the lower of the values produced by the guides, but it hasn't shown why its offer is fair, or that Mr F can replace his car with a similar one for the amount offered. I note esure has provided three adverts which it feels supports its position, but Mr F has provided adverts that support his position as well so, in effect, I think the evidence provided by both sides here cancels each other out. Although, if anything Mr F's is slightly stronger.

As it stands, I think the best evidence is provided by the valuation guides. esure didn't value Mr F's car by utilising the adverts it has provided as its engineer looked to average the valuation guides they found. And initially the highest valuation was dismissed as an outlier although esure's engineer eventually brought it into their calculation. So, I don't find esure's position persuasive and I don't feel that three adverts is sufficient evidence, when Mr F provided more, to show that a lower valuation than the highest motor guide valuation is fair.

As Mr F hasn't questioned the deduction for PED and esure has provided some evidence from its engineer and photographic evidence of the damage and cost to repair I don't propose to interfere with this. And esure only deducted 50% of the full cost of the damage, in line with this Service's general approach, so I think it has acted fairly here.

So, as esure hasn't provided sufficient evidence to persuade me that a valuation in line with the higher valuation produced is inappropriate, and to avoid any detriment to Mr F, the highest valuation produced by the guides is my starting point.

Given this, I think the highest valuation guide feels fair here meaning I think esure should pay Mr F £17,273 (less any excess and PED) as a fair market value, adding 8% simple interest for the time he has been without the shortfall of money owed.

My final decision

It follows, for the reasons given above, that I uphold this complaint. I require esure Insurance Limited to pay Mr F £17,273 (less any policy excess and PED) as the market value of his car. And pay 8% simple interest on any shortfall from the date of the interim payment until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 28 October 2025.

Colin Keegan
Ombudsman