DRN-5816748

The complaint

Miss A has complained esure Insurance Limited ("esure") hasn't offered to settle her claim on her motor insurance policy fairly as it hasn't valued her car correctly after it was deemed beyond economic repair following an accident.

All references to esure include its agents.

What happened

Miss A took out a motor insurance policy around January 2025. In April 2025, her car was involved in a road traffic accident. Esure thought the car was beyond economic repair and it offered her around £8,872 to settle her claim – as the market value of the car after the policy excess was deducted. To reach this valuation, Esure said it looked at industry trade guides, taking into account the condition and mileage of the car. Esure also said it deducted £500 for pre-existing damage to Miss A's car, a cracked bumper.

Miss A disagreed that the amount offered reflected the fair value of her car so she made a complaint. She said she was unable to see any comparable cars being sold with the extras she's had fitted. She provided adverts of cars being sold for higher prices which she said were similar to hers. And an advert of a car being sold for around the same amount Esure had offered which she said was of a lower specification than her car. Miss A also explained the amount offered by Esure wouldn't cover her outstanding finance she took out to pay for the car. Esure didn't agree its offer was unfair so Miss A asked our service to look into it.

Our Investigator upheld the complaint in part. She saw Esure had offered the average value given by the trade guides. But as it hadn't given any evidence to support why this was a fair approach, she thought it should offer the highest value given by the guides. She thought the amount it deducted was fair and she didn't think Miss A's optional extras made a significant difference to the market value of the car. As Esure didn't accept our Investigator's opinion, the complaint was passed 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.

I've decided to uphold this complaint for broadly the same reasons as our Investigator. I'll explain why.

This Service has an approach to valuation cases like Miss A's which has developed in recent times. 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've paid attention to the various motor valuation guides used for valuing cars. And I've looked at any other evidence provided by both sides, including adverts provided by Miss A and details about the condition of the car which esure has given us.

Valuing second-hand cars isn't an exact science and it isn't my role to value Miss A's car. I'm just looking to see if esure has acted reasonably in providing a fair market value of Miss A's car and, overall, I don't think it has.

The terms say esure will pay Miss A the market value of her car if it's been declared a total loss as it has in this case. The policy defines "market value" as the amount Miss A could reasonably have expected to sell her car for on the open market immediately before the loss. This is based on cars of the same make, model, age, condition and mileage as Miss A's car.

In assessing the fair market value we generally expect insurers to review relevant motor trade guides. I've looked at the results from the trade guides esure has provided which are very similar to the results our Investigator found. The values esure produced were £9,726, £9,950, £10,265 and £10,546. Esure has said it has offered the average value from the guides.

Based on what I've seen in this case, I don't think esure's offer is fair. The offer sits towards the lower end of the guides, as esure has taken an average of the guides as its starting point instead of the highest guide. And it hasn't shown why this is a fair approach, or that Miss A can replace her car with a similar one for the amount offered. So I think it's fair for esure to use the highest valuation from the guides as the starting point for the market value of Miss A's car, that is £10,546.

Esure has made a deduction to the amount offered of £500. This is to reflect pre-existing damage it identified to Miss A's car – a cracked bumper. I note Miss A hasn't disputed this damage or esure making a reduction so I've thought about whether the amount it has reduced the market value by is fair. Esure has given us details which show the amount it would cost to repair the damage is just over £1,000. So it's taken off around half of this cost to reflect the reduction in the value of the car. And I think that's fair in this case and in line with our general approach.

Miss A believes her car was worth significantly more and she's highlighted factory fitted extras on her car which she thinks increases its value. While some optional extras may increase the value of a car, some won't increase it but instead, make the car more desirable. Esure has given us evidence to show the optional extras didn't increase the value of Miss A's car. And our Investigator carried out a bespoke valuation which I've seen. And this showed the factory fitted extras didn't significantly increase the value of Miss A's car. So I'm not persuaded the market value of Miss A's car was higher due to this. It's important for Miss A to note that optional extras often go down in value in the same way as cars do.

Miss A has given us adverts of cars which she says shows her car has been undervalued. The adverts I've seen are for three cars. Two cars have substantially lower mileage than Miss A's car and all three cars advertised are automatic which are often more expensive than manual cars. It's also not clear whether the cars advertised were being sold around the date of Miss A's loss which is when I need to consider the valuations from. So overall, I'm not persuaded these adverts are for cars which are comparable to Miss A's car given the differing mileage and transmission.

Putting things right

To put things right in this case, I direct esure to settle Miss A's claim using the fair market value of Miss A's car of £10,546, less the deduction for pre-existing loss and any policy excess owed.

I understand esure has already made an interim payment to Miss A based on the offer it previously made. So it should now pay the difference between its original offer and the amount I’ve directed it to pay. Esure should pay 8% simple interest on this amount for the time Miss A’s been without the money, i.e. from the date esure made its interim payment to the date of settlement.

My final decision

For the reasons given, I uphold Miss A’s complaint and direct esure Insurance Limited to put things right by doing what I’ve said above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss A to accept or reject my decision before 24 October 2025.

Nadya Neve
Ombudsman