

The complaint

Ms A complains about the valuation that esure Insurance Limited offered her following the total loss of her car. She wants it to pay her a fair settlement.

What happened

Ms A's car was damaged in an incident and declared to be a total loss. esure offered Ms A £1,713 less the policy excess (which was later waived) and salvage retention fee in settlement of her claim. But Ms A thought her car was worth more and she had recently spent money on repairs. esure declined to increase the valuation.

Our Investigator recommended that the complaint should be upheld. He thought esure's settlement wasn't made in keeping with our approach as esure hadn't justified its decision to pay less than the highest valuation provided by the motor guides we use. He thought it should increase the valuation to £1,930 and pay Ms A the difference with interest. He explained that he couldn't consider Ms A's concerns about how esure had handled her claim as she hadn't raised these with esure first.

Ms A replied saying esure should increase the valuation to the highest price it found when it looked for comparable cars for sale. esure replied that it thought its valuation was fair given the car's age and the lack of identical cars for sale. esure asked for an Ombudsman's review, so the complaint has come to me for a 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 can understand that Ms A wants a fair settlement for the loss of her car. I can also understand that the claim experience has been a stressful and time-consuming experience for her.

Ms A was unhappy that esure declared the car to be a total loss without physically inspecting it. I can see that esure relied on photographs provided by Ms A and information about the car to make its decision. And I think this isn't unusual or out of keeping with standard industry practice. So I can't say that esure did anything wrong in this.

Ms A has explained that she had work done on her car and she thought this should increase its valuation. But we consider this to be maintenance that would keep the car in a roadworthy condition and so this wouldn't increase the car's valuation.

Ms A's policy provides for the car's market value in the case of its total loss. I can see that this is defined on page 23 in the policy booklet:

"The 'market value' is the amount your car was worth on the open market at the time of the loss. This is based on research using independent guides such as Glass's Guide, CAPS, Autotrader and Percayso Vehicle Intelligence. We look at cars of the same make, model and age as yours. We also take into account market conditions and the mileage and condition of your car at the time of the loss, including the cost of repairing any pre-existing damage if

applicable. We'll adjust the value if it's been subject to a total loss claim before and if it doesn't have a valid MOT in place."

The Investigator has explained this service's approach to car valuations. We don't provide valuations for cars but look to whether the insurer's offer is reasonable. In most cases, we assess the market value as the price which the consumer would have had to pay for a comparable vehicle across the various markets, immediately before the time of the damage or loss.

This could be slightly less than advertised retail prices, although this will depend on the most likely market for the particular age and model of vehicle. Because of recent changes in the market, we are increasingly hearing of cars selling either for or close to their advertised price.

Assessing the value of a used vehicle isn't an exact science. We generally find the valuations given in motor guides most persuasive. These guides are based on extensive nationwide research of likely selling prices. We also take all other available evidence into account, for example, engineer's reports, advertised prices and independent valuations.

Our Investigator thought esure's settlement offer wasn't fair and reasonable. So I've checked how he came to this conclusion. I can see that he looked in the motor valuation guides we use for cars of the same make, model, age, mileage, condition and optional extras as Ms A's car at the date of its loss.

He found the valuations ranged between £1,460 and £1,930. esure's valuation was in the middle of this range as it had taken an average of the two middle valuations.

Given the current challenges in the used car market the motor valuation guides have a wider range of values than we have seen previously. And we think going by the highest will ensure consumers have received a fair offer, allowing them to replace their car with one of the same make, model and specification. So we now expect insurers to pay close to the highest of the valuation guides, unless they are able to provide us with evidence which supports a lower valuation.

So to be satisfied that esure's valuation represents a fair amount, our service expects to be provided with other evidence (for example, adverts for cars for sale around the time of the loss or reports from experts etc.) to support that a lower valuation is appropriate. And I'd need to be satisfied that this evidence is relevant and persuasive before accepting that a lower valuation is fair.

esure provided adverts for similar cars to justify its valuation of Ms A's car. Two of these were for cars with significantly lower mileage than Ms A's car. The other advert was for a similar car for sale at a lower price, but the mileage was higher than Ms A's car. And there's no information about the car's condition to show that it's comparable to Ms A's car. Also one advert isn't sufficient to show that Ms A could replace her car like for like for esure's valuation.

So I'm not satisfied that esure's evidence shows that Ms A could replace her car for its valuation. And I'm not persuaded that esure's offer was fair and reasonable. In keeping with our approach, I require it to increase this to the highest of the valuations provided by the guides we use to avoid detriment to Ms A. And, as Ms A has been without her money for some time, it should add interest to the difference.

Ms A also provided adverts for similar cars advertised at higher prices. And I have considered these and looked to see where the advertised cars are identical to Ms A's. But I don't find these persuasive as they are for cars with different transmissions, engine sizes or models or have much lower mileage. So I can't say they support the valuation being increased above the highest guide.

Ms A thought esure should increase the valuation to the highest of the adverts it found. But, as our Investigator has explained, this wouldn't be fair as this car had a significantly lower mileage than Ms A's car. And so the two aren't like for like and this doesn't justify an increase in valuation above the highest of the guides.

Ms A raised further concerns about her claim journey. But she would need to firstly raise these with esure to give it a chance to respond before I could consider them. Ms A's concerns about esure's legal partner should be directed to it. If she remains unhappy, that's a matter for the Legal Ombudsman.

Putting things right

I require esure Insurance Limited to increase the valuation of Ms A's car to £1,930 and pay her the difference between this and its initial valuation. Interest should be added to this amount at the rate of 8% simple per annum from the date of the initial settlement to the date of payment.

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

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require esure Insurance Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 26 February 2026.

Phillip Berechree
Ombudsman