

The complaint

Mr D complains that esure Insurance Limited (EIL) unfairly handled a claim under his motor insurance policy, and subsequently sold his vehicle without his consent.

What happened

The circumstances of this case are well known to both parties, but in summary, Mr D experienced a breakdown while visiting friends and family who were some distance from his home address. The vehicle sustained significant damage and so he raised a claim under his motor insurance policy, underwritten by EIL.

Ultimately, EIL didn't accept the claim as it considered the damage to be caused by mechanical failure – which is excluded from cover. So EIL asked its agent to contact Mr D to discuss the return of the vehicle. Unfortunately, Mr D was hospitalised at the time. Unaware of this, the agent began its abandonment process, which led to the vehicle being sold for £100.

Mr D complained to EIL. He said it didn't have any right to sell his vehicle, and it was for him to decide whether he wanted to retain the vehicle to try to repair it, or arrange for it to be salvaged for a more favorable figure. Mr D also explained that he did reach out to EIL's agents before it sold the vehicle to discuss his options but it failed to get back to him. EIL upheld the complaint and paid him £300 compensation as it recognised its agent could have made more efforts to communicate with Mr D to discuss the options available.

Unhappy with the response, Mr D referred his complaint to this Service. Our Investigator upheld the complaint and asked EIL to pay a further £150 in recognition of the distress and inconvenience as they felt the amount already awarded didn't recognise the overall impact of EIL's actions and communication failures.

EIL accepted our Investigator's view, but Mr D didn't. In summary, Mr D said that the compensation didn't reflect the length of time taken or answer whether EIL had the right to sell his car without his consent.

So the case has been 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 recognise that I have summarised Mr D's complaint in less detail than presented, but I'd like to assure both parties that I have considered their submissions in full. My decision may not comment on each point raised, or each piece of evidence provided, but will instead comment on the issues I consider to be key to the case. This isn't intended as a discourtesy, but reflects the informal nature of this Service – and the rules this Service are expected to adhere to enable me to do this.

First, I would like to acknowledge Mr D's period of ill health. I was sorry to hear about this and that he required hospital treatment. I appreciate that this would have naturally been a troubling time for him. While I'm empathetic to Mr D's individual circumstances, I have gone on to consider what's happened here and provide an independent and impartial decision based on the evidence provided to me.

Having done so, I am upholding this complaint – much for the same reasons as our Investigator. I'll explain why.

Relevant industry rules say that firms must handle claims promptly, fairly and mustn't unreasonably reject a claim.

The claim decline

Under the terms of Mr D's policy, he is covered for loss or damage to his vehicle and its accessories due to fire, lightning, explosion, theft or attempted theft. However, the policy goes on to explain that claims due to mechanical, electrical or computer failures, including breakdowns, are excluded from cover.

Upon notification of the claim, EIL arranged for its agent to complete a physical inspection of Mr D's vehicle. This concluded that the nature of the damage was due to mechanical failure. They also concluded that the cost of repairs far exceeded its market value and so it wasn't economical to repair. As there is no evidence to suggest otherwise, I don't find it unreasonable for EIL to conclude that the nature of the damage was due to mechanical failure, which is excluded from cover. And so, it's decision to decline the claim is fair and reasonable in the circumstances.

The sale of the vehicle

Mr D has asked for a legal instance in which an insurer, or its agent, can sell a vehicle without the owner's consent. However, it is important that I highlight this Service is an informal alternative to the courts and so while I have taken relevant laws into account, I must decide, based on the individual facts of the case, and relevant industry rules, whether EIL has acted fairly and reasonably. If it hasn't, then I need to consider the impact of this, and decide on how to put the matter right.

And having carefully considered this issue, I don't think it was unreasonable for EIL's agents to initiate its abandonment process given the period of no contact. But I agree EIL could have handled its communication better – especially once it was aware of Mr D's period of ill health and hospitalisation. And I would've expected EIL and its agents to have acted more flexibly to ensure Mr D was adequately supported when it became aware he had been in hospital (for example it could have followed up or offered more time) as at that time, the vehicle hadn't been sold.

When Mr D contacted EIL's agents to discuss his options, he explained his circumstances and asked what EIL's agents could do with the vehicle. It's also clear EIL's agents failed to contact Mr D about whether it would be able to offer any amount for the vehicle once the storage costs had been settled.

I recognise Mr D would have experienced some distress and inconvenience when finding his vehicle had been sold. So, I have gone on to carefully consider whether Mr D would be in any different of a position had EIL been better in communicating the available options to Mr D. And I've concluded that he would more likely than not be in the same position. I'll explain why.

Mr D's vehicle had been deemed to be a Category B write off due to the breakdown and subsequent damage to his vehicle. This meant the vehicle was found to have experienced significant damage. And due to the circumstances of the loss, Mr D's claim isn't one covered under his policy with EIL. So, the unrecoverable loss of Mr D's vehicle is something he always would have experienced.

When contacting EIL's agents about the options available to him, Mr D raised the question of whether the vehicle could be salvaged. Mr D also confirmed that he understood there would likely be a significant cost in transporting the vehicle back to him as the vehicle was stored quite some distance from his home address.

Mr D has said that EIL's actions have led to him incurring a loss, as he would have been able to salvage the vehicle for a more favourable price than the £100 paid to him by EIL. While I appreciate Mr D's position, I haven't seen any supporting evidence to demonstrate he would have been able to salvage the vehicle for more than what was paid to him – whether this be as a whole, or salvaging individual parts. In addition to this, EIL's agent has provided this Service a salvage quotation that shows the salvage value was £60. The agent is an expert in the salvage of vehicles – so I have no reason to think this isn't an accurate value.

So on balance, I am more persuaded than not that Mr D received a figure that was more favourable than the salvage value, and I haven't seen anything else to suggest Mr D would've been able to secure a higher value.

But even if Mr D could obtain a higher salvage cost, the vehicle was stored some hundreds of miles away. So the cost of recovering the vehicle to Mr D would have been significant. And these costs would've likely outweighed any additional salvage value. So, it follows that I don't think Mr D has lost out due to the sale of his vehicle.

Given the service failings highlighted by EIL, I agree that compensation is warranted in recognition of the trouble and upset caused. There is no exact science to awards for compensation and this is something intended to recognise the impact of a firm's errors rather than cover any specific costs.

Our Investigator recommended that EIL increase its compensation to £450 in total, and I agree this is reasonable and proportionate taking into account the poor communication at what was understandably an already difficult time. I'm also satisfied this is consistent with awards for cases under similar circumstances. EIL should now pay the additional compensation.

My final decision

So, for the reasons I have explained above, I uphold this complaint and direct esure Insurance Limited to increase its compensation and pay Mr D £450 in total.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 2 January 2026.

Oliver Collins
Ombudsman