

The complaint

Miss P is complaining about the amount esure Insurance Limited trading as Sheilas' Wheels (esure) has paid to settle a claim she made against her car insurance policy. She's also unhappy with the way it's handled her claim.

What happened

In July 2025 Miss P's car was damaged in an accident abroad, so she claimed on her policy. esure decided her car was a total loss. It valued the car at £25,695 which was an average of three adverts it considered were comparable to Miss P's car. Miss P was unhappy with the valuation and with esure's handling of her claim including the amount of time it took to repatriate her car and communication around her courtesy car entitlement.

esure maintained it had valued Miss P's car appropriately but it upheld the other aspects of her complaint. It paid her a total of £400 compensation for its poor claim handling and an additional £50 for money left in the car despite this not being something it'd usually cover. Miss P remained dissatisfied and brought her complaint to our Service.

One of our Investigators looked into it. He thought esure had paid Miss P reasonable compensation for its poor claim handling but he didn't think it had valued her car fairly. He thought esure should increase its valuation by £2,277- the difference between its valuation and the highest guide valuation, making the total valuation £27,972 alongside 8% simple interest on that sum.

Miss P accepted our Investigator's complaint assessment but esure didn't, so the complaint 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.

Having done so, I'm upholding it. I'll explain why.

I'm aware I've set out the background to this complaint in less detail than the parties have presented it. I'm not going to respond to every single point raised. Instead, I've focused on what I find are the key issues here. I assure both parties, however, that I've read and considered everything they've provided.

All parties accept that esure's claim handling was poor. esure has already paid Miss P £400 compensation for its failings and an additional £50 for money left in the car. Miss P accepted our Investigator's opinion that this amount of compensation was fair, so I don't need to comment further on this, other than to say I agree. The remaining issue for me to decide is whether I think esure's valuation is fair in the circumstances.

The starting point is the policy terms and conditions which form the contract of insurance between esure and Miss P. The terms of the policy say the most esure will pay is the market

value of the car. And the policy defines 'market value' as follows:

“The market value is 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 cars of the same make and model and of a similar age, condition and mileage at the time of accident or loss. This value is based on research from motor trade guides including: Glass’s, Parkers, Cazana and CAP. This may not be the price you paid when you purchased the car”.

Our Service doesn't value cars. Instead, we check to see that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we check valuation guides, adverts and other relevant evidence. The valuation the guides give are based on the advertised prices of similar cars with similar age and mileage for sale at the time of loss. We expect insurers to use valuation guides when valuing a car for claims purposes.

The guides we use as a starting point are CAP, Glass's, Autotrader and Percayso. In its response to Miss P's complaint, esure confirmed that it used all the above guides and these produced values of £27,225, £26,820, £27,735 and £27,972 respectively. Our own results from the guides weren't materially different to the values obtained by esure.

esure has said in Miss P's case, it considered the values produced by the guides to not be indicative of the market value, so it decided to discount them. Instead, it relied on three adverts with values that range between £24,859 to £26,850 and it valued the car at £25,695 which was the average of those adverts.

We'd typically consider the safest way to ensure a consumer receives a reasonable replacement cost (market value) for their vehicle is for an insurer to base its settlement on the highest market guide valuation. If it doesn't do this, the insurer will need to provide sufficient evidence to demonstrate a valuation lower than this is fair. esure hasn't paid the highest guide valuation and so I've thought about whether it's provided enough evidence to support that its valuation is fair.

esure has provided three adverts from around the time of loss that it says supports valuation of Miss P's car. The adverts were all the same make and model from the same year as Miss P's car with slightly lower mileage. The advertising platform also gave an indication of how good the price was for the car being advertised which was:

- £24,859 (lower price)
- £25,375 (great price)
- £26,850 (fair price)

The advert labels aren't generally a deciding factor when valuing cars. But they give a good indication of whether the adverts sit in the right place in the market. Two of the adverts provided by esure are labelled as 'lower price' and 'great price' meaning the cars are significantly cheaper than comparable cars. Also, the adverts don't have remarks about the cars' condition. So, it's not possible to know if they are a reasonable comparison to Miss P's car.

esure's evidence consists of only three adverts which is a very small sample size as opposed to the significant amount of data contained in the valuation guides. Bearing in mind the popularity of Miss P's car, I don't think the adverts esure has provided are a reasonable proportion of the available market. So, I'm not persuaded esure has demonstrated the valuation it has reached is reasonable in the circumstances. I'm more persuaded that the highest of the valuation guides provides fair value because the guides are updated regularly

and provide the value of Miss P's specific car at the time of loss.

For the above reasons, I think esure should settle Mrs P's claim by valuing her car at £27,972 in line with the highest market guide valuation. So, I think esure should pay the shortfall between the two valuations, which amounts to £2,277, to Miss P. And, as she's been without the use of that money, esure should add simple interest to that sum at a rate of 8% a year from the date it originally settled the claim until the date it pays her.

I also think that esure caused Miss P unnecessary distress and inconvenience by not offering a fair market value in the first instance. I'm satisfied esure's underpayment left Miss P significantly short of the amount she needed to replace her car and required her to spend unnecessary time pursuing this matter. And I think this warrants compensation of £150. This amount reflects the distress and inconvenience Miss P experienced due to esure not providing her with a fair valuation and she was left out of pocket as a result.

My final decision

For the reasons I've set out above, it's my final decision that I uphold this complaint and I require esure Insurance Limited to do the following to put things right:

1. Pay Miss P a further £2,277 in settlement of the claim. It should add 8% simple interest per year from when it paid the interim settlement to Miss P until it pays the remaining £2,277. If it thinks that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss P how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax if appropriate.
2. Pay Miss P £150 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 10 March 2026.

Linda Tare
Ombudsman