

## **The complaint**

Miss G and Mr M complain about how esure Insurance Limited dealt with a claim against Mr M's motor insurance policy. Reference to esure includes its agents.

## **What happened**

Mr M had a motor insurance policy underwritten by esure. Miss G was a named driver on the policy. Mr M made a claim against his policy following the theft of the vehicle. Esure valued the vehicle at £12,932, deducted the excess due under the policy and £4,482, which it said was a proportionate deduction. It said that was because Miss G and Mr M hadn't disclosed motoring convictions when they took out the policy. esure said if it had known about the convictions it would have charged a higher premium. It calculated that Mr M had paid 65.34% of the correct premium, so esure paid 65.34% of its valuation of the vehicle - £8,050 - in settlement of this part of the claim. It also paid compensation of £250 in relation to service issues.

Mr M and Miss G complained about esure's valuation, the proportionate deduction from the settlement, esure's handling of the part of the claim in relation to personal belongings and the distress and inconvenience this has caused them. They have explained their family circumstances that have made the theft of their car and the claim particularly difficult. Mr M and Miss G wanted a fair valuation of the car, an understanding of the deduction of £4,482, settlement of their claim in relation to personal belongings and a reassessment of compensation for their distress and inconvenience.

One of our Investigators looked at what had happened. He recommended the complaint be upheld in relation to esure's valuation of the vehicle. The Investigator thought esure had acted fairly and reasonably in relation to the proportionate settlement of the claim, the claim in relation to personal belongings and compensation for distress and inconvenience. He recommended esure pay Miss G and Mr M an additional amount based on a total settlement of 65.34% of a valuation of £14,220, plus interest.

Mr M responded to say he accepted the Investigator's recommendation. esure said it accepted the Investigator's view except in relation to its valuation. esure said the adverts it had provided show conclusively that its valuation of £12,932 was fair.

The Investigator considered what esure said but didn't change his view. He said we expect insurers to pay the highest guide price unless they have provided persuasive evidence to support a lower valuation, which he didn't think esure had done here. esure asked that an Ombudsman consider the complaint, so it 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.

Both parties agree with the Investigator's conclusions in relation to esure's proportionate deduction from the settlement, its settlement of the part of the claim in relation to personal belongings and the level of compensation for distress and inconvenience. I agree with the Investigator's conclusions in relation to these matters and as they are no longer in issue, I don't discuss them further.

esure doesn't agree with the Investigator's recommendation in relation to its valuation of the vehicle. So, the remaining issue for me to decide is whether esure acted fairly and reasonably in coming to its valuation of £12,932.

It's clear Mr M and Miss G have strong feelings about this matter. They have provided detailed submissions to support the complaint, which I have read and considered. I'm conscious I've condensed what I don't doubt was a very worrying time into a short narrative. That reflects our service that, wherever possible, aims to be informal. I'm satisfied I've captured the essence of what happened. I trust that neither Mr M nor Miss G will take as a discourtesy the fact I focus on the remaining issue, that is whether esure acted fairly and reasonably in its handling of the valuation of the vehicle.

I've taken into account the law, regulations and good practice. Above all, I've considered what's fair and reasonable. The relevant rules and industry guidance say esure has a responsibility to handle claims promptly and fairly and must act to deliver good outcomes for retail consumers.

The starting point is the terms and conditions of the policy. In the circumstances that arose here, esure can choose to replace the vehicle or pay to settle the claim. The policy says esure will pay what was paid for the vehicle or what it currently costs to buy, whichever is less. This service's role isn't to work out the exact value of the vehicle. We look at whether esure has applied the terms of the policy correctly and valued the vehicle fairly.

esure relied on three valuations from valuation guides: £11,200, £13,376 and £14,220. It's standard practice for insurers to use valuation guides to work out the estimated market value of a car. I don't think it's unreasonable to do so. The guides use nationwide data and take into account make, model, age, condition and mileage to estimate a value for a specific car.

In accordance with our usual approach in complaints like this, our investigator completed checks on the valuation guides and received similar values from the guides referred to by esure - £11,195, £13,653 and £14,220. He also looked at an additional guide which gave a value of £13,662.

esure arrived at the mean of its three valuations and said Mr M's car was valued at £12,932. That's not how we approach valuations in these circumstances. Given the current challenges in the used car market, motor valuations have a wider range of values than we have seen previously. We think going by the highest valuation is fair and will generally mean customers will receive a fair offer, allowing them to replace the car with one of the same make, model and specification. So, we expect insurers to proceed on the basis of the highest of the valuations produced by the guides, unless they are able to provide us with evidence which supports a lower valuation.

esure have provided two adverts for the sale of vehicles at £11,371 and £12,095. Those adverts are for vehicles of the same make and model as the one here but with higher mileage. So, I'd expect the market value of those vehicles to be lower than the value of the vehicle in this case. In any event, I don't think those adverts show that esure acted fairly in valuing the vehicle at less than the highest valuation produced by the valuation guides. I haven't seen any evidence that persuades me the motor valuation guides our service uses to assess whether a fair value has been reached shouldn't be used here. I don't think esure acted fairly and reasonably in relation to its valuation of the vehicle in this case. I think the starting point for esure's settlement calculation should be a valuation of £14,220.

### **Putting things right**

In order to put things right, esure should pay Miss G and Mr M the additional amount after substituting the valuation of £14,220 for its valuation of £12,932. The remainder of its settlement calculation remains as before, so esure is entitled to deduct the excess and pay a proportionate settlement. esure should pay simple interest at the rate of 8% per year on the additional amount paid, from the date esure made the earlier settlement, until the date of payment.

### **My final decision**

My final decision is that I uphold this complaint. esure should now take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G and Mr M to accept or reject my decision before 10 February 2026.

Louise Povey  
**Ombudsman**