

The complaint

Mr C has complained his insurer, esure Insurance Limited, didn't pay a fair settlement for his car under his motor insurance policy after he was involved in an accident. And about how they handled his claim and didn't supply a hire car under the policy.

What happened

Mr C was involved in an accident in February 2025. He took his car to a garage of his choice who began looking at the damage. Mr C requested a courtesy car but esure refused, saying that they'd only provide one if the car went to a garage approved by them. They offered to move the car but said Mr C may incur charges – and Mr C opted to keep the car where it was.

The garage found the car was a total loss. Esure said the car's market value was £15,784 based on valuations from two motor trade guides – so offered to settle the claim by paying Mr C this amount.

Mr C complained and esure considered the market value again but took more guides into account. Based on these, they said the guide retail average value of Mr C's car was £16,584 – and revised the proposed settlement. Later in the month they also paid £100 compensation for delays providing what they considered a fair valuation.

Mr C was still unhappy with that amount. He said his car was worth more because he found examples of similar cars on the market with comparable mileage and lower specifications being listed at higher prices. He said he recently invested £550 in a service for his car, and he felt the amount esure valued his car at doesn't take into account its value, specification or the investments he made in its upkeep.

He said he faced significant inconvenience during the claim, including the lack of a courtesy car, which forced him to rely on public transport to get to work. And that he incurred towing costs of £180 from the impound to the garage following the accident.

Mr C complained to our Service, unhappy with the responses from esure. He said:

- He wasn't offered a hire vehicle despite paying an additional premium on his policy to cover a hire car for any incident.
- His car was a hard-to-find model and had refinements over the base model specifications but esure's valuation didn't take that into account.
- The claims process was slow, resulting in it taking over three months for esure to settle the finance agreement – and during this time, Mr C had had no vehicle yet had to continue to pay the finance agreement.

Mr C later complained that he made overpayments on his finance agreement due to esure's delays. Esure agreed and recovered this money from the finance providers, returning it to Mr C with interest. They paid an additional £250 in compensation.

Our Investigator looked into what happened and upheld the complaint. They said esure should pay Mr C a total of £17,445 for his car based on the highest market trade guide; that it was fair for esure to refuse to provide a courtesy car based on the policy terms; and that although esure provided a poor claims journey, they've paid enough compensation to put things right.

Esure disagreed, saying that a market value based on an average of the trade guides is fair. So, the complaint was passed to me to decide. I wrote a provisional decision upholding the complaint. Its findings form part of this final decision, so I've copied them in below. I also invited any further comments or evidence before I issued a final decision. I said the following:

"As ours is an informal service, I'm not going to respond to every point or piece of evidence Mr C and esure have provided. Instead, I've focused on what I consider to be key or central to the complaint points. But I'd like to reassure both that I have considered everything submitted.

The valuation

Our Service doesn't value cars. Instead, we check to see that an insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we tend to use relevant valuation guides. We generally find these persuasive as they're based on nationwide research of sales prices. We also do consider other evidence that the parties submit (like adverts and engineer reports) to determine whether an insurer came to a fair outcome.

Mr C's policy includes cover in the event his car is damaged. It says esure will pay no more than the car's market value.

The policy defines 'market value' as the amount Mr C could reasonably have expected to sell his car for on the open market immediately before his accident or loss. It says esure's 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. And this value is based on research from motor trade guides.

Esure needs to effectively show their valuation is enough to allow Mr C to purchase a replacement car. That doesn't necessarily mean they need to offer the highest valuation available. But if their valuation isn't close to the highest valuation returned from the guides we look at, they would need to evidence this is fair.

When esure reviewed the value of Mr C's car the second time, they included more guides and increased what they considered a market value accordingly. They used four motor guides which produced values of £16,174, £16,160, £16,750, and £17,253. Our Investigator also ran the motor guides and found that they gave amounts of £16,591, £16,160, £17,209 and £17,445.

I found that they ran the guides fairly and the valuations that came from when we ran the guides roughly sit in line with when they did, except for their last guide in which they didn't account for certain extras that we found increased the value by £850. These extras were confirmed by the manufacturer. I find this persuasive and should have been considered by esure when valuing the car.

Esure thought £16,830 was fair based on what they consider an averaging of the results from the guides. They'll be aware of our Service's approach to valuation I mentioned above. But they haven't supplied us with supplementary evidence to

justify the lower value – they have simply said they think averaging the valuations produced by the guides is fair. Because they haven't provided anything to show me that Mr C could replace his vehicle with a valuation in line with what they consider the market value, to avoid any detriment to Mr C, I find the highest valuation produced by the guides is a fair market value.

Mr C provided some adverts, which I considered, and thinks his car would be worth more than most on the market because of the additional specification and the condition of the car. These included a sunroof, 'premium' and 'comfort' packs, and larger alloy wheels. Some of these additional extras did add value to Mr C's car, as I mentioned above. One guide considered this amount to be £850, and that guide was the highest of the four at a value of £17,445.

I appreciate that Mr C supplied examples of cars with the same make and model as his to esure and that these were listed as selling for between £19,371 and £22,000. As the Investigator mentioned, we don't have access to these adverts. Since I haven't seen the details, I don't find them as persuasive as motor trade guides. And just because there are some cars selling for higher amounts, it also doesn't necessarily mean Mr C couldn't have bought a similar one for the highest amount in the guides.

Mr C also said he has spent money maintaining his car. But I haven't been shown this kind of maintenance would increase the value of his vehicle. On the contrary, it persuades me further that valuing the car in line with the highest guide is fair – and it's likely if he didn't maintain the car, there may have been an argument for valuing it at less than the highest guide price.

As I'm not persuaded esure or Mr C have demonstrated a lower or higher valuation than the highest guide is fair, I think that the value our Investigator recommended is still the most fair and reasonable one in the circumstances. I'm minded to direct esure to pay the difference between the amount they paid in settling the claim and £17,445 – which is £615.

Hire car

Mr C's policy says a courtesy car is provided while his car is being repaired by esure's recommended repairer. It also says a courtesy car isn't available if Mr C's car has been considered to be a total loss. Mr C took his car to his preferred garage rather than one of esure's choosing, so he wasn't entitled to a courtesy car under the 'courtesy car' section of the policy.

But, as Mr C has pointed out, he paid an additional premium to cover a hire car in the event of a total loss. That part of the policy says if Mr C made a claim and esure decided that his car was a total loss, they will provide a hire car by the end of the next working day, for a period of up to 21 days. It continues that Mr C has 14 days to take up the offer of the hire car following esure's decision that his car is a total loss. And that upon payment of the total loss, his right to a hire car comes to an end. It also says that if esure are unable to provide Mr C with a hire car, they will reimburse him for up to £100 per day for a contribution towards alternative travel costs up to a maximum limit of £200 per claim.

So, I think a reasonable interpretation of this policy term is that Mr C was entitled to a hire car between when he was told his car was a total loss to the point he was paid a settlement for his car.

From what I've seen, esure understood Mr C's car was a total loss on 25 February 2025. But esure didn't pay Mr C what they considered a fair market value for the vehicle until early May 2025. So, according to the policy, Mr C was entitled to a hire car or, if they were unable to provide him with one, up to £200 for alternative travel costs. Esure didn't seem to offer this to Mr C at all when they should have, so I asked why.

Esure said they're not sure why there wasn't a car hire provided once the car was declared a total loss. And they have agreed to pay £200 in line with the limit of what they would have paid Mr C had they been unable to provide a hire car. I appreciate that esure are trying to put things right according to the policy terms, but the terms specifically say that limit applies if esure are unable to provide a hire car. I haven't been provided with anything to show esure wouldn't have been able to provide a hire car – in fact, esure have confirmed they would have done so.

Since esure didn't provide a hire car, they should put Mr C in the position he would have been had a hire car been provided. I asked Mr C how he was travelling during that period. He said he was travelling via taxis, public transport and hire cars for work, to look after younger family members, as well as general travel. He said he thinks he spent around £30 per day and has receipts and records of his travel costs. But he hasn't sent us the majority of these – and the evidence he did provide was for outside the period he was entitled to a hire car.

I do think it's plausible there was additional financial loss and there will have been significant inconvenience for Mr C during the time he was entitled to a hire car but without some evidence of this, I don't think it would be fair to have esure pay it. Considering all of the above, I think the fairest outcome would be for esure to pay Mr C the indemnity limit of £200 plus some additional compensation for distress and inconvenience caused by not offering the hire car he was entitled to.

The finance agreement

Esure admitted responsibility for the overpayments Mr C made to the finance provider. They got in touch with the provider, recovered the overpayments and sent the amounts back to Mr C. They also paid 8% interest for the time Mr C was without that money. Since there's no longer any financial loss to Mr C here and I think they've made a reasonable effort to put things right, I won't be asking esure to reimburse him further. I've considered the distress and inconvenience this caused along with rest of the claim below.

Delays and handling

Esure has an obligation to handle claims promptly. And it's clear that they didn't meet these obligations when dealing with Mr C's claim. They have admitted they didn't handle the claim as they should have and paid a total of £350 compensation. Considering the additional inconvenience caused by having to arrange his own transportation for him and his family for when he was entitled to a hire car, the ongoing distress the delays will have caused and unnecessary extra effort involved in getting esure to deal with the finance agreement, I think esure should pay an additional £200 compensation, which brings the total to £550.

Mr C has talked about being without a car for months while his finance agreement was ongoing. Outside of the 21 days where Mr C was entitled to a hire car, I won't be directing esure to pay any other travel costs. This is because, although I appreciate esure caused delays, I understand that esure paid most of the money for his written

off car to Mr C's finance company – and it's unlikely the difference of £615 had a significant impact on his ability to buy an equivalent car.”

Esure acknowledged the provisional decision without adding further information for me to consider. Mr C didn't respond.

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 haven't been provided with anything from Mr C or esure in response to my provisional decision to persuade me to depart from what I've said. So, for the reasons set in my provisional decision, I'm directing esure to take action in line with what I said.

My final decision

For the reasons above, I uphold this complaint. And I direct esure Insurance Limited to:

- Pay Mr C £615 – which is the difference between their previous valuation and the highest trade guide.
- Pay 8% simple interest per year on this amount from the date they paid their initial valuation until the date they pay him the difference.
- Pay £200 compensation (bringing the total compensation to £550).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 4 February 2026.

Andrew Wakatsuki-Robinson
Ombudsman