

## The complaint

Mrs T complains that esure Insurance Limited mishandled her claim on a motor insurance policy.

## What happened

The subject matter of the insurance, the claim and the complaint is a car, first registered in 2017.

In late April 2023, Mrs T borrowed £11,000.00 from a bank which she agreed to repay, with interest, by instalments over three years. Mrs T acquired the car.

For the year from September 2024, Mrs T had the car insured on a comprehensive policy with esure. Any claim for damage (except a fire, theft or glass claim) was subject to an excess of £300.00.

Unfortunately, Mrs T reported to esure that an incident had damaged the car in late June 2025. At first, esure said that the car was repairable and directed it to an appointed repairer. Mrs T paid the repairer the excess of £300.00. Esure or its repairer provided a courtesy car for Mrs T.

Later esure said the car was a total loss – in salvage category S (structural damage) and its pre-accident value had been £7,950.00.

Later esure said the car was in salvage category N (non-structural damage).

Mrs T wanted to keep the damaged car.

Esure or its repairer returned the damaged car to Mrs T with some parts removed and not refitted. She no longer wanted to keep the damaged car.

On about 29 July 2025, esure sent Mrs T a cheque for £5,813.00. So, from its valuation of £7,950.00, esure had deducted a salvage or retention fee of £2,137.00.

Esure withdrew the courtesy car.

By mid-August 2025, Mrs T had complained to esure that it returned the damaged car in a poor condition.

By a final response dated 17 August 2025, esure turned down that complaint. However it accepted that it should've told Mrs T of the condition of the car before returning it. So esure said it was making a card payment of £75.00 to Mrs T.

The final response also included the following:

*“... the business has made a fair offer for your car, with a deduction applied taking into account the scrap value if you wish to keep the car.”*

Mrs T brought her complaint to us in late August 2025. She included complaint points as follows:

- that esure gave contradictory information about whether the car was repairable or a total loss.
- that esure admitted no engineer's report exists to justify either category S or N.
- that esure misclassified the car, which severely devalued it.
- that esure caused her to receive a V5C showing Category S and also returned her previous V5C.
- that after she withdrew from retention, esure still issued a settlement cheque (with a deduction for retention or buy-back without her agreement).
- that esure withdrew the courtesy car prematurely, then briefly reinstated it, and finally removed it altogether, leaving her without transport.
- that esure hadn't refunded the £300.00 policy excess.
- that esure left her with an unusable and devalued car.
- that she is still paying back the bank loan and still paying for insurance.

Mrs T asked us to direct esure to:

- take back the vehicle
- refund the buy-back deduction
- reassess the settlement fairly, based on the correct classification
- reimburse the policy excess
- provide compensation for the distress, financial hardship, and loss of use of a vehicle
- confirm and correct the classification with DVLA/HPI
- extend the courtesy car

Esure gave us an explanation about the courtesy car.

#### *our investigator's opinion*

Our investigator said that he wouldn't assess complaint points that Mrs T hadn't raised to esure and that it hadn't responded to in a final response. That included the following:

- the mis-classification of the vehicle as S and then N and the reasons why
- no engineer's report
- the vehicle being taken away from her home
- refund of buyback deduction
- ongoing financial harm
- repayment of the policy excess

Our investigator recommended that the complaint should be upheld in part. He thought that a fair pre-accident value was £8,423.00. He thought that esure should increase the compensation award from £75.00 to £200.00. He recommended that esure should:

- pay Mrs T £200.00 compensation in total; and
- base their settlement payment on the market value of the vehicle of £8,423.00 before any deductions; and
- pay the difference between £8,423.00 and £5,813.00; and
- pay 8% interest on that difference from the date the £5,813.00 was paid to the date the further payment is made.

Esure disagreed with the investigator's opinion. It asked for an ombudsman to review the complaint.

Mrs T also disagreed with the investigator's opinion in part.

*my provisional decision*

After considering all the evidence, I issued a provisional decision on this complaint to Mrs T and to esure on 6 February 2026. I summarise my findings:

esure unfairly under-valued the car, and didn't give Mrs T clear information before returning it partly dismantled

Subject to any further information either from Mrs T or from esure, my provisional decision was to uphold this complaint in part. I intended to direct esure Insurance Limited to:

1. adopt the value £8,423.00 as the pre-accident value of Mrs T's car; and
2. (provided that Mrs T makes the damaged car available for collection by esure with all available V5 and other documents, keys and codes) pay Mrs T, in addition to its payment of £5,813.00, a further amount of £2,610.00 to make a total of £8,423.00; and
3. pay simple interest at a yearly rate of 8% on the further amount of £2,610.00 from 29 July 2025 to the date of further payment. If esure considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mrs T how much it's taken off. It should also give her a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate; and
4. pay Mrs T – in addition to its payment of £75.00 – a further £225.00 for distress and inconvenience.

Mrs T accepted the provisional decision.

Esure said that it had nothing to add in response to the provisional decision.

So I see no reason to change my view.

**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.

The policy terms didn't require esure to provide a courtesy car if the insured car was a total loss.

Esure's policy required it to compensate Mrs T for the market value of her vehicle.

We expect an insurer to assess pre-accident market value by reference to retail figures in certain trade guides. That's also our starting point for most complaints about valuation.

I've noted the make, model, specification, age, mileage and condition of Mrs T's car before the accident. For that car, I've seen retail figures in the trade guides as follows:

CAP	£7,525.00
Glass's	£7,580.00
Percayso	£8,253.00
Autotrader	£8,423.00

Esure's valuation was in the middle of that range. I can't say that it was close to the highest figure. So I've looked to see if there's enough additional evidence to persuade me that esure's valuation would've been enough to allow Mrs T to buy a like-for-like replacement car.

Esure has provided three advertisements. Two of them are for cars with an asking price over £8,000.00 and one of those is for about £8,400.00. So I don't consider that the advertisements show that esure's valuation of £7,950.00 was fair.

I conclude that a fairer pre-accident market value was £8,423.00.

The accident damaged the car. From the photographs, I accept that the repairer had to remove certain parts before it could see underlying damage. So I don't consider that esure treated Mrs T unfairly by changing its view that the car was repairable.

I accept that the repairer couldn't re-attach the parts without first repairing that damage. I find that Mrs T has fallen short of showing that after the accident esure was responsible for additional damage to the car.

The salvage category wouldn't affect the pre-accident value. The salvage category might affect the salvage value of the damaged car.

From what Mrs T and esure have each said, I consider that it didn't give her clear information to allow her to make an informed decision whether or not to keep the car and pay the salvage or retention fee. Also, I accept that Mrs T was shocked to receive a partly dismantled car.

From her change of mind, I accept that Mrs T wouldn't have wanted to keep the damaged car if esure had provided an engineer's report, photographs or other information about the part-dismantling and inspection of the damaged car.

As I've said, esure wasn't required to provide a courtesy car when the insured car was a total loss. So I consider that esure's provision of a courtesy car went beyond what Mrs T was entitled to.

### **Putting things right**

I've thought about what it's fair and reasonable to direct esure to do to try to put things right for Mrs T at this late stage.

The policy excess of £300.00 was stated in the policy schedule. I see no basis on which it would be fair to direct esure to reimburse that.

I've found that Mrs T has fallen short of showing that, after the accident, esure was responsible for additional damage to the car. So I don't find it fair and reasonable to direct esure to pay compensation for any such damage.

I've found that esure's provision of a courtesy car went beyond what Mrs T was entitled to. So I don't find it fair and reasonable to direct esure to reinstate the courtesy car.

I've found that a fairer pre-accident market value was £8,423.00. So I find it fair and reasonable to direct esure to adopt that value for the car.

I've found that esure didn't give Mrs T clear information to allow her to make an informed decision to keep the car and pay the salvage or retention fee.

So I find it fair and reasonable to direct esure to pay Mrs T in addition to its payment of £5,813.00, a further amount of £2,610.00 to make a total of £8,423.00. I will direct that this is subject to Mrs T making the damaged car available for esure to collect with all available V5 and other documents, keys and codes.

As the damaged car will then be the property of esure, I don't find it fair and reasonable to direct esure to confirm to Mrs T or to DVLA that it is in salvage category N.

Mrs T hasn't shown that esure sent the cheque for £5,813.00 "in full and final settlement". So I consider that she could've paid it into her account without prejudicing her complaint.

However, esure caused her to be out of pocket for the further amount of £2,610.00. So I find it fair and reasonable to direct esure to pay interest on the further amount of £2,610.00 from 29 July 2025 to the date of further payment.

A DVLA vehicle check says that Mrs T's car is subject to a statutory off-road notification "SORN". So I don't accept that she is paying road tax.

In any event, that tax, together with loan payments and insurance were her responsibility before esure mishandled the claim. And Mrs T hasn't provided enough detail or evidence of any other financial loss. So I don't find it fair and reasonable to direct esure to pay compensation for financial loss.

I consider that, with a cheque for £5,813.00, Mrs T might've done more to make the damaged car usable or to sell and replace it. So I don't find it fair and reasonable to direct esure to pay compensation for loss of use of a vehicle.

Nevertheless, I've found that esure unfairly under-valued the car, and didn't give Mrs T clear information before returning it partly dismantled. I've thought about the nature and duration of the impact of that on Mrs T. I consider that esure's payment of £75.00 did little to try to put things right.

I conclude that £300.00 is fair and reasonable and in line with our published guidelines for compensation for distress and inconvenience.

### **My final decision**

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct esure Insurance Limited to:

1. adopt the value £8,423.00 as the pre-accident value of Mrs T's car; and

2. (provided that Mrs T makes the damaged car available for collection by esure with all available V5 and other documents, keys and codes) pay Mrs T, in addition to its payment of £5,813.00, a further amount of £2,610.00 to make a total of £8,423.00; and
3. pay simple interest at a yearly rate of 8% on the further amount of £2,610.00 from 29 July 2025 to the date of further payment. If esure considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mrs T how much it's taken off. It should also give her a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate; and
4. pay Mrs T – in addition to its payment of £75.00 – a further £225.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 11 March 2026.

Christopher Gilbert

**Ombudsman**