

## The complaint

Miss S complains that her motor insurer, esure Insurance Limited ('esure'), sold her car after it was declared a total loss without letting her know, when in fact, she wanted to keep it.

## What happened

I issued a provisional decision regarding this complaint last month. An extract from that decision follows:

*"In March 2025 Miss S was involved in an accident which wasn't her fault and which rendered her car a total loss. She made a claim on her policy with esure who assessed the car and said it was a category N salvage (non-structural, repairable) and that its pre-accident value was £2,060.*

*Miss S said she didn't receive any updates from esure for some time, until in May 2025 she was informed by the DVLA (Driver and Vehicle Licensing Agency) that she was no longer the owner of the vehicle. Miss S contacted esure and was eventually informed that the car had been sold by the salvage agent.*

*Miss S then complained to esure and said the car was sold without her consent and that she had wanted to keep it. She added that she had spent £900 on the engine only a few months before the accident and feels she has been left out of pocket as a result.*

*esure upheld Miss S's complaint and apologised for the poor communication, the lack of updates, and for the car being sold without informing her. In addition to the total loss valuation it paid her the £425 retention fee she would have been charged had she retained the salvage and £475 compensation. It later also issued a £78 pro-rata premium refund after the policy was cancelled.*

*Unhappy with esure's response, Miss S brought her complaint to our service where it was reviewed by one of our investigators. Our investigator asked esure for its valuation evidence under our service's inquisitorial remit but it said that as Miss S didn't complain about the valuation it wouldn't provide it especially as this isn't something it had had a chance to respond to.*

*Our investigator proceeded to review the complaint, but didn't think esure needed to take further action and considered the compensation already offered to be fair and reasonable.*

*Miss S didn't agree and asked for an ombudsman's decision. She said she didn't think the compensation paid was sufficient for the distress and inconvenience she experienced.*

*Our investigator didn't change his view but asked esure once again for its valuation evidence which it declined to provide. esure also said that there was no engineer's report as the issue had been dealt with in-house.*

*The matter was then passed to me to decide. Before I proceeded with my decision I asked our investigator to obtain valuations for Miss S's vehicle using motor valuation guides.*

### ***What I've provisionally 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.*

*As our investigator explained, our service has an inquisitorial remit and this enables us to carry out additional investigations where we feel this is appropriate. I understand esure's point of view regarding its valuation assessment, but I also think that the valuation is something we can reasonably look into under our inquisitorial remit particularly as Miss S mentioned she feels she was left out of pocket by esure's settlement, bearing in mind the recent repairs she had carried out on the car.*

*Our investigator first asked esure for this evidence in August last year and explained that Miss S mentioned the valuation in her complaint to our service. Our investigator asked for this information again in October last year and this was once again not provided by esure. So esure has been aware for many months that we could be looking into its valuation offer. I think this is sufficient time for it to respond or provide evidence in support of its offer if it wishes to. As it hasn't done so, I asked our investigator to obtain valuations using relevant valuation guides.*

### ***The valuation***

*Miss S's policy covers her for, among other things, loss of or damage to her car. The policy says if esure decides the car is a total loss it will pay the legal owner no more than the car's market value. It defines "market value" as:*

*"...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 the accident or loss. This value is based on research from motor trade guides..."*

*Our service has an approach to valuation cases like Miss S's that has evolved in recent times. When looking at the valuation placed on a car by an insurance company, I consider the approach it has adopted and decide whether the valuation is fair in all the circumstances.*

*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 tend to use relevant valuation guides. I usually find these persuasive as they're based on nationwide research of sales prices.*

*esure did not provide any of the evidence it relied on. I've reviewed the valuations obtained*

by our investigator. Four of the guides returned values and those were £2,170, £2,550, £1,753 and £1,955. esure made an offer of £2,060.

Looking at the valuations produced I am not persuaded that esure's offer of £2,060 is fair and reasonable. I say this because esure has not provided persuasive evidence to show that Miss S will have been able to replace her car for a similar car for that amount. To avoid any detriment to Miss S, the highest valuation produced by the guides is my starting point. In the absence of any other evidence, on balance, I think a fair and reasonable valuation in the circumstances is £2,550. If esure only paid the £2,060 market value, it should pay Miss S a further £490.

Nevertheless, esure's notes show that it paid Miss S a further £425 which would have amounted to its retention fee had she kept the salvage in addition to the full pre-accident value of £2,060. This offer was made by one of esure's handlers after the engineer who valued the car didn't agree to increase the valuation. The handler then called the salvage agent who confirmed the retention fee will have been £425 for this car and the handler then offered this amount to Miss S. For this reason, I took it that this payment was made as part of the total settlement for the car rather than as a separate compensation payment.

Under normal circumstances, a retention fee would be deducted from the market value should the insured retain the salvage. So, esure would have paid Miss S £1,635 but it would have also returned her car. Instead, it seems to have paid Miss S £2,060 plus a retention fee of £425 to bring its payment to a total of £2,485 for the car. As I think a fair valuation is £2,550 then I think it is fair and reasonable that esure should only pay Miss S a further £65 and not £490. However, if my understanding of this payment is incorrect, the parties can let me know when they respond to this decision.

I note Miss S said that she had spent around £900 on the car not long before the accident. As our investigator explained, maintenance expenses don't necessarily make the car more valuable but help keep it in retail condition. And the valuation guides will have assumed that the car was in retail condition before the accident. The invoice provided by Miss S shows that the repairs were done due to concerns with the car overheating which would support the fact that these were maintenance expenses and not other improvements. So I don't think esure needs to make a separate payment to Miss S for these costs.

#### esure's service

Miss S reported the accident at the end of March 2025. She provided esure with photographs of the damage and the following day esure informed Miss S the car was a potential total loss. The car was then taken to a salvage agent on 19 April 2025.

Miss S spoke to esure on 12 May 2025 after receiving a letter from the DVLA informing her she was no longer the registered keeper. esure asked if Miss S would like to keep the salvage and Miss S confirmed she did and said she had asked for this before the car was taken to the salvage agent. Miss S then called the salvage agent for an update and was told that the car had been sold at auction at the end of April 2025.

esure accepts that it provided Miss S with a poor service which I agree with. I think the lack

*of updates was poor but what made things worse, was the fact that Miss S's car was sold without warning as well as the fact that she found out about it through the DVLA and not esure. Miss S said she wanted to keep the car which I think is quite likely bearing in mind she'd only had it for just over a year, and had spent a relatively substantial amount of money repairing it a few months before the accident.*

*esure paid Miss S £475 compensation and issued a pro-rata refund for £78 once the policy was cancelled. Under the terms of the policy a premium refund wouldn't be due in the event of a claim on the policy so I think this was fair and reasonable.*

*I appreciate the distress Miss S will have suffered as well as the inconvenience of having to find a new car but in the circumstances, I think the compensation offered by esure is fair and reasonable and in line with awards we would make in similar circumstances where the distress and inconvenience experienced is significant. In arriving at this decision I have borne in mind that Miss S's car wasn't necessarily a rare model so I think it should be relatively easy to replace. And Miss S didn't mention the car having any sentimental value, although I accept it may have been more convenient for her to keep the car and have it repaired rather than look for a new one.*

### **My provisional decision**

*For the reasons above I am considering upholding this complaint. If esure Insurance Limited only paid the £2,060 market value (and did not also pay the £425 described above), it must pay Miss S £490 to bring the total for the car to £2,550. If esure Insurance Limited also paid the additional £425 (making its total for the car £2,485), it must pay Miss S £65. In either case, esure must also pay simple interest at 8% per year on the net further payment due, from the date it paid the original settlement for the car to the date it makes this further payment."*

Miss S responded to my provisional decision and said that with regards to the £425 payment, her understanding was that this was a goodwill payment in recognition of the poor service she received. It wasn't explained to her that this was part of the market value assessment of her car or a salvage retention payment. She confirmed that after pursuing the complaint further she was awarded £475 compensation for distress and inconvenience. She said this reinforced her understanding that the £425 was not part of the total loss valuation. Miss S added that when she queried the £2,060 valuation she was told this was a fair valuation and not told the £425 was also part of that valuation.

Miss S also informed us of the serious impact this has had on her health and access to care which she said was restricted by not having a car. She reiterated that she wanted to keep her car and that it was sold without her permission.

esure also responded but said it had nothing further to add.

### **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 am grateful to Miss S for her response and also for clarifying that both the £425 and £475 payments were made to her by esure- something that wasn't very clear from the file.

I appreciate Miss S says she wasn't aware that the £425 was a payment towards the value of her car and not a distress and inconvenience award for the sale of her car. As I said in my provisional decision, this payment was made by a handler after they consulted with an engineer who didn't agree to increase the £2,060. The handler spoke to the salvage agent who said the retention fee would have been £425 and the handler offered this to Miss S.

This isn't something that would normally happen because the retention fee would normally be deducted from the valuation and not added to it. My impression is that the handler offered the additional £425 to resolve the complaint. I can understand why Miss S doesn't think this payment was made toward the value of the car; and this is because esure didn't clarify why this payment was made. And it also didn't mention it in its final response letter. But, after consulting the notes, I think on balance this payment was made for the value of the car rather than as a distress and inconvenience award.

I appreciate the significant difficulties Miss S has described, particularly in relation to attending medical appointments without her car. I don't underestimate the inconvenience this caused her. However, there is no indication that esure was aware of these particular circumstances at the time it made the settlement. Once the total-loss payment had been issued, and given that Miss S's car could not be returned, I think it was reasonable to expect her to take steps to reduce the ongoing impact by looking for a replacement vehicle. While I understand she would have preferred to keep her original car, obtaining a replacement would likely have helped minimise some of the hardship she experienced.

The rest of my findings are the same as the findings I made in my provisional decision and are now the findings of this, my final decision.

### **My final decision**

For the reasons above I have decided to uphold this complaint. esure Insurance Limited must pay Miss S £65 towards the total loss value of her car. This is in addition to the £425 and £2,060 total loss payments and the £475 distress and inconvenience payment it has already made. esure must also pay simple interest at 8% per year on the £65, from the date it paid the original settlement for the car to the date it makes this further payment.

If esure Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss S how much it's taken off. It should also give Miss S a tax deduction certificate if she asks for one so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 16 March 2026.

Anastasia Serdari  
**Ombudsman**