Financial Ombudsman Service

complaint

Mr B complains about the valuation esure Insurance Limited ("Esure") placed on his car after it was assessed as being a total loss.

background

Mr B has a car insurance policy with Esure. In December 2018 Mr B had a car accident. His car was positioned in between two walls at an angle. It was recovered by agents of Esure using a hoist with a single strap.

Mr B complained that the recovery method meant the car became even more damaged. Esure confirmed that there may have been additional damage but the car would have been uneconomical to repair from the accident damage alone. Esure told Mr B the car would be a "write off". So it offered him the market value of his car.

When Esure determined the market value it looked at trade guides. It also found that Mr B's car had been written off before with Category D damage. Therefore it deducted 20% from the value of the car. So it offered Mr B £6,200 for the value of his car – less his policy excess of £900.

Mr B complained that the valuation was too low. He explained that he was unable to find a similar car for less than £10,000, and he paid £10,800 for his car that was written-off so feels the valuation is unfair. Mr B also explained he wasn't aware the car had previously been written off with Category D damage so felt the 20% reduction wasn't justified.

Our investigator didn't uphold Mr B's complaint. He explained that the valuation Esure had carried out was fair and reasonable as it had used trade guides to reach the market valuation figure. He also explained that there was additional investigation which showed that the car had been written off before Mr B had purchased it. So Esure was being reasonable when deducting 20% from the market value.

Mr B disagreed. He felt that the car should be valued higher – so he could purchase a car which has the same specification of his previous car. He feels, even with a deduction for the Category D damage, he should be paid around £7,100 after excess. But he was paid £5,300 after the deduction of his excess and he feels this is unfair. So he's asked for an ombudsman's decision.

my findings

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 not upholding this complaint for similar reasons to the investigator.
I've looked at the video Mr B sent in which shows the recovery of the vehicle. I can see that it looked like a difficult task. But I've also seen a photo to show the position of the car before it was recovered. The recovery agents explained that due to the car being in a difficult position, and part of the car being embedded in a wall, it wouldn't have been possible to use a different method of removing the car. So whilst some damage occurred during recovery to the vehicle, it's likely without this damage the vehicle would've been declared as a total loss so I don't think it's made a difference in Mr B's case.

Mr B's main issue is the valuation of the vehicle. In order to get a fair valuation, we expect insurers to look at the retail value of the vehicle using the trade guides such as CAP, Glass's, Parker's and Cazana. I can see that Esure checked the trade guides and the top values were £7,740 and £7,690. Esure then deducted around 20% from this value to account for the car having been written off beforehand. So it offered a valuation of £6200.

I've checked the trade guides and can confirm that the valuations Esure obtained were correct. I understand that Mr B feels the values in the trade guides is too low, and has sent in adverts for similar cars which are higher than the valuations. But adverts usually show higher prices, as there's often a margin left for negotiation. As Esure has used the trade guide values as I would expect it to, I won't be asking it to pay anything more for the vehicle.

I've considered whether it was fair for Esure to deduct almost 20% from the value because the car had previously been written off. I understand that Mr B purchased this car without knowing that the car had sustained Category D damage previously. So I've thought about whether he should have known, or been aware of that damage. Mr B provided a screenshot from the HPI check the seller had done when he agreed to purchase the car. I can see that under "write off (damage)" the report shows it is clear. However at the bottom of the screenshot, under "plate transfer" there is a red "stop" sign and an arrow indicating a drop-down box. This indicates there is some adverse data and I think it would be reasonable to expect Mr B, as a buyer, to make himself aware of any potential issues with the car he was buying.

We've asked CAP HPI to explain where the adverse data was recorded, and it confirmed that the data about the Category D damage was under the Plate Transfer information – as it happened when the car had a different registration number than it had when the HPI check was done. So whilst I understand Mr B wasn't aware of the previous damage when he purchased the car, I think he could've taken steps to have been aware – which may have led to him paying less for the car.

As I believe Esure has used reasonable methods to determine the market value of Mr B's car, and have been reasonable in making a deduction in that value because the car had previously been written off, I won't be asking it to pay anything more to Mr B.

my final decision

For the reasons I've explained, I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 November 2019.

Charlotte Wilson
ombudsman