

complaint

Mr T has complained that esure Insurance Limited didn't pay him a fair market value for his car when he made a claim under his car insurance policy.

background

Mr T was involved in an incident and he made a claim to his insurer, esure. esure said that Mr T's car wasn't economical to repair. So it dealt with his claim as a 'total loss' and paid Mr T a market value of £8,100 for his car.

Mr T didn't think the amount esure paid him was fair. He provided examples of similar cars for sale at a higher price.

Our investigator didn't recommend Mr T's complaint should be upheld. esure had used one of the main motor trade guides to decide a market value for Mr T's car. When the investigator checked the sum against the three main motor trade guides, he found what esure had paid was within the range - and in line with what Mr T's policy said it would pay.

Mr T didn't agree. He's provided further examples of similar cars for sale. He says this is evidence to show why esure should pay a higher market value for his car.

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 don't intend to uphold it.

Mr T's policy with esure says that in the event of a total loss claim, it will pay the market value. It defines the 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 accident or loss. This value is based on research from motor trade guides including: Glass's, Parkers and CAP. This may not be the price you paid when you purchased the car."

The trade guides are based on nationwide research of likely selling prices for the make, model, year, condition and mileage of Mr T's car. So we think they are a fair way to decide a market value. We don't usually find advertisements for similar cars very persuasive. A car may often be sold for less than the advertised price – and differences in mileage, year of registration, and model type can significantly affect the value. This is reflected in the examples Mr T has provided.

Using the trade guides and in line with the definition under Mr T's policy, the valuations ranged from £7,365 to £8,195. As esure paid Mr T a market value of £8,100, I can't conclude that it was unreasonable. The settlement sum is within the range of the trade guides.

I understand Mr T will be disappointed with my decision. He feels the trade guides don't reflect the market value of his car, which is at least £9,000. But I think esure decided a market value settlement for Mr T in a reasonable way and in line with the policy. So I don't think it needs to increase it.

my final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 5 July 2018.

Geraldine Newbold
ombudsman