

The complaint

Miss S complains that esure Insurance Limited disposed of her car without her consent after making a claim made under her motor insurance policy. She wants financial compensation for the loss this caused.

What happened

In May 2021 Miss S was involved in a car accident. She reported this to esure and it took the car to be examined by its engineers. She contacted it again in June for an update. She asked about the options for buying the car back, as it was driveable although deemed an economic write-off by esure. She was told she'd need to pay £225 to receive the car back. Mrs J said she would think about it and get back to them.

Later in June 2021 Miss S received a cheque for £900 in full settlement of her claim. She contacted esure to say she wanted the car back, but her car had been disposed of or sold by this point. She complained to esure. It admitted it made a mistake for which it apologised and offered £200 compensation.

Mrs J didn't think this was fair. She says she has been caused financial loss and psychological distress as a result of esure's error. Mrs J referred her complaint to our service. Our investigator acknowledged the business was at fault but thought its apology and compensation offer was reasonable.

Mrs J disagreed and asked for an ombudsman to review her complaint. It has been passed to me to decide.

I issued a provisional decision in April 2022 explaining that I was intending to uphold Miss S's complaint. Here's what I said:

provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Our approach when a car is deemed a total loss under a motor insurance policy, as Miss S's car was, is that the insurer, in this case esure, becomes the owner of the salvage only after the consumer accepts a settlement payment. If the consumer asks to keep the salvage, we expect the insurer to allow this. The car remains the consumer's property and so they should have the right to keep it if they wish to do so.

If the consumer decides to retain the salvage the insurer is entitled to deduct what it would have sold the salvage for, from its settlement payment.

In Miss S's case esure accepts it was at fault for allowing its salvage experts to sell her car before she had agreed to accept a final settlement. Because esure is responsible for this mistake we expect it to ensure she is placed back in the position she should be in, as far as it's able to. The car has been sold so it can't reasonably be expected to be returned to Miss

S. I note that esure says it's sorry for its mistake, feedback has been given to the agent who made the error and it paid her £200 compensation.

I have thought about whether esure treated Miss S fairly here.

Miss S describes how she has been left with no car and is in no financial position to buy one. She says she kept the car well maintained and had it for around 12 years because it worked well. The car had some cosmetic damage after the accident, but it was driveable. Miss S has had to rely on others for lifts or use public transport that she says adds hours onto her travel time.

I acknowledge Miss S found it difficult to replace her car with the money she received from esure. If she's unhappy with its valuation of her car she should contact it to complain. But I can't consider this point here as it didn't form part of her complaint to esure.

I have thought about the impact on Miss S of esure disposing of her car. I think it has caused her inconvenience and distress by denying her the opportunity to buy back her car. I have no reason to doubt Miss S's comments that the car was reliable and has been difficult to replace with the £900 she received. I also note that although there was some damage to the car, this didn't prevent it from being driven. So, Miss S could have continued to use the car.

It's reasonable to accept that Miss S found it difficult to get around without access to a car. She used it to commute to work and for other daily activities. Finding alternative means of transport has been inconvenient and caused her stress. Because of this I don't think esure has acknowledged the full impact on Miss S by paying her £200 compensation.

Having considered all of this I don't think esure treated Miss S fairly when handling her claim, or when compensating her for its mistake. Because of this I think it's fair that it pays her £400 compensation, in total, to acknowledge the inconvenience and distress it caused her.

I said I was intending to uphold this complaint and esure Insurance Limited should pay Miss S £400 (in total) to compensate for the inconvenience and distress it caused her.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Neither party responded with further comments or information.

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.

As neither party has made any further submissions or provided further evidence for me to consider, I see no reason to change my provisional findings.

So, my final decision is the same as my provisional decision and for the same reasons.

In summary I don't think esure treated Miss S fairly when handling her claim and compensating her for its mistake when disposing of her car. So, it should provide a total compensation payment of £400.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that I uphold Miss S's complaint. esure Insurance Limited should:

- pay Miss S £400 (in total) to compensate for the inconvenience and distress it caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 19 July 2022.

Mike Waldron
Ombudsman