

The complaint

Mr R and Mr S complain about esure Insurance Limited's level of service and its settlement offer following a claim on their motor insurance policy. Mr R is a named driver on Mr S's policy. He wants a higher valuation for their car and compensation.

What happened

Mr R was involved in an incident and made a claim to esure. He said esure was unhelpful and he had to call it frequently. esure said the car was a total loss and it offered Mr S a settlement of £880 as the car's market value, with a deduction for the policy excess. esure said it had reduced its valuation of the car by 20% as it was a previous total loss.

Mr R was unhappy with the valuation, the level of service provided, and that he'd been charged for a courtesy car. esure told the hire provider to reimburse Mr R for any charges. It extended the hire until its settlement cheque had cleared. And it paid £50 compensation for the service issues. But Mr R remained unhappy.

Our Investigator recommended that the complaint should be upheld in part. He thought esure's valuation of the car wasn't reasonable and should be increased to £1,866.50, in keeping with our approach. He thought the 20% deduction for the previous total loss was fair and reasonable and it was for Mr R to provide evidence that this had been incorrectly made. So he thought a fair settlement was £1,493.20, less the policy excess. He thought esure had responded promptly to the courtesy car issues and that its compensation for the level of service was fair and reasonable.

esure replied that its valuations were accurate. esure asked for an Ombudsman's review, so the complaint has come to me for a final decision.

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 can understand that Mr R and Mr S want a fair settlement for the loss of the car. I can see that the policy provides for the car's market value in the case of its total loss. The Investigator has explained this service's approach to car valuations. We don't provide valuations for cars but look to whether the insurer's offer is reasonable.

In assessing whether a reasonable offer has been made, we obtain valuations from motor-trade guides. These are used for valuing second-hand vehicles. We find these guides to be particularly persuasive, largely because their valuations are based on nationwide research and likely sales figures. The guides also take into account regional variations. We also take all other available evidence into account, for example, engineer's reports.

Our Investigator thought esure's valuation of the car wasn't reasonable. So I've checked how he came to this conclusion. I can see that he found valuations for Mr S's car at the date of its loss in three of the motor trade guides we use. I can see that he looked for cars of the same make, model, age, mileage and condition as Mr S's car. One valuation was out of step with the others, so, in keeping with our approach, he discounted this. The average of the other two valuations was £1,866.50.

esure had said that the car, without the 20% deduction, was valued at £1,100. I can see that esure also looked in the trade guides we use, and one valuation it found was the same as the lowest found by the Investigator. But the others were significantly lower. One valuation doesn't have sufficient detail for me to verify that it was correctly made. And the other two couldn't be replicated by the Investigator.

Car valuation isn't an exact science. And I think it would be unfair for esure to rely on these significantly lower valuations when the Investigator has correctly followed our approach and found its offer to be out of step with it. So I'm satisfied that esure's offer was unreasonable and that it should increase this to £1,866.50, before any deductions for the previous total loss marker and the policy excess of £350.

esure said it had deducted 20% from the valuation of the car because it had been a previous total loss. I agree that this is in keeping with our approach. If Mr R disagrees that this is correct, esure has already advised that he should get the insurer that placed the marker on the car to remove it from the MIAFTR (Motor Insurance Anti-Fraud & Theft Register). It would then refund the deduction.

I think that's fair and reasonable. But we also think that it's unfair for a deduction to be made where the consumer has unknowingly purchased a car as a previous total loss, having carried out reasonable checks in advance of the purchases. So I think that esure should also reconsider the deduction if Mr S and Mr R can provide evidence showing how much was paid for the car, along with evidence of checks on the vehicle's history, such as HPI checks etc. Without this evidence, I can't say that the deduction is unfair. And so I'm satisfied that a reasonable settlement offer would be £1,493.20, less the £350 policy excess.

esure agreed that there had been problems with the provision of a hire car. Mr R told it that he hadn't received his settlement cheque on two occasions and esure agreed to extend the hire. But the hire provider hadn't done this.

When the problem was brought to its attention, I can see that esure again agreed to extend the hire until after the settlement cheque had cleared. And it told the hire provider to refund any charges Mr R had paid. So I think that reasonably restored Mr R's position. And I think its £50 compensation for Mr R's repeated calls about the hire was fair and reasonable for the impact this had.

Mr R wanted his premium reimbursed. But I don't think that would be fair and reasonable as he has made a successful claim and so had use of the policy.

Putting things right

I require esure Insurance Limited to increase its settlement offer for the loss of Mr S's car to £1,493.20, less the £350 policy excess, and pay Mr S the difference between this and its previous payment.

My final decision

For the reasons given above, my final decision is that I uphold this complaint in part. I require esure Insurance Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mr S to accept or reject my decision before 2 January 2023.

Phillip Berechree
Ombudsman