

## The complaint

Ms W complains about esure Insurance Limited's valuation of her car following a claim on her car insurance policy.

## What happened

esure made Ms W an offer to settle her claim after her car was stolen, based on a valuation of £1,112. Ms W didn't think this represented the market value of her car. She felt that esure should have included the top motor trade guide value when coming to a market value. Ms W also provided esure with some adverts to justify her proposed market value when raising a complaint. esure didn't agree, they said that the top trade guide was an anomaly and so based their market value on the average of two lower guides. Ms W wasn't happy with esure's response and so brought her complaint to us.

Our investigator upheld Ms W's complaint. They agreed that esure had undervalued the car and asked esure to increase the market value to £2,273 in line with the highest motor trade guide. esure didn't agree with our investigator's outcome. They said that they didn't think we should rely on the highest trade guide. They thought that it was too high against the other guides and so was an outlier. They said that we shouldn't rely on solely one trade guide or adverts. esure provided some adverts to support their response. So, the complaint has been passed to me to decide. Ms W accepted the investigator's outcome.

Ms W also raised the lack of cover for her car seat and personal belongings in the car at the time of the theft in her complaint to us. I haven't seen that this has been raised as a complaint with esure, so I haven't been able to consider it in my decision. If Ms W remains unhappy, she'll need to raise a separate complaint with esure about this.

## 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.

When considering complaints such as this, I need to consider the relevant law, rules and industry guidelines. The relevant rules, set up by the Financial Conduct Authority, say that an insurer must deal with a claim promptly and fairly. So, I've thought about whether esure acted in line with these requirements when it settled Ms W's claim as they did.

Having done so, I've reached the same overall outcome as our investigator, that esure has acted unfairly, for similar reasons. I think the investigator's recommendation here is a fair way to settle the complaint.

Ms W's policy document sets out what she's covered for in the event of an accident. The terms set out the maximum esure will pay in the event of a claim is the market value of the car. The policy defines market value as:

*"The **market value** is 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."*

As a service, to assess whether a reasonable offer has been made, we obtain valuations from four motor trade guides. These are used for valuing second-hand vehicles. We find these guides to be particularly persuasive. This is because their valuations are based on nationwide research of likely selling prices. The guides take into account the exact vehicle variant and mileage for the date of loss.

esure used three trade guides, Glass's (£1,320), CAP (£2,273) and Percayso (£904). esure discounted CAP as they thought it was an outlier and used an average of the other two guides. We also checked Autotrader, but Ms W's car was too old for it to value. As a service, we think insurers should base their settlement offer in line with the highest available guide unless there is sufficient evidence to persuade us otherwise.

esure has said that they don't think that we should use CAP, but I don't agree. I haven't seen enough evidence to support that CAP isn't a valid valuation for Ms W's car. We don't just discount it purely for being higher than the other two guides. Whilst I accept esure has provided some adverts to support their case, only two of these adverts are still available to see online. Whilst I agree that the advertised prices (£1,809 & £2,000) are below CAP's market valuation, they're significantly higher than the offer made by esure to settle the claim. The adverts also state that the advertised prices for both cars are below the market average, £1,135 and £363 respectively. This would bring the website's (Autotrader) market average for these two cars, which are similar to Ms W's, to £2,944 and £2,363. So, I think these two adverts provided by esure support the valuation from CAP.

Based on everything I've seen, there isn't enough evidence to persuade me that following our current approach isn't fair and reasonable in this instance. I think £2,273 is a fair market value for Ms W's car.

### **Putting things right**

esure should pay Ms W the difference between their valuation of £1,112 and a valuation of £2,273. esure should also add 8% simple interest\* per year on the additional settlement amount from the date they paid their settlement to the date the additional amount is paid.

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

### **My final decision**

My final decision is that I uphold the complaint. esure Insurance Limited must take the steps in accordance with what I've said under "putting things right" above, if they haven't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 4 April 2024.

Anthony Mullins  
**Ombudsman**