

The complaint

Mr L complains about esure Insurance Limited's valuation of his car following a claim on his car insurance policy.

What happened

Mr L's car was written off by esure following an accident. esure valued Mr L's car at £7,010. Mr L says the settlement esure offered for his car wasn't reasonable as he'd found similar cars online which were more than £8,000. esure responded and said they'd used the average of three motor trade guides, so the market value offered was fair. Mr L was still unhappy and so brought the complaint to our service.

Our investigator looked into things for Mr L. She thought esure hadn't offered a fair settlement and recommended they increase the valuation to £7,611. She asked esure to pay the difference to Mr L together with 8% simple interest on the additional settlement amount.

esure didn't accept our investigator's findings. They said that they'd used an average of three motor trade guides. They also said there was only one current advert for a similar car on the market which was advertised for less than their original offer. Mr L added that esure's recent advert wasn't applicable as it wasn't from the date of loss which is when he had to replace his car. Mr L also said that he'd provided two adverts from the date of loss which were higher than the investigator's suggested market value. Mr L accepted the investigator's outcome.

The complaint has been passed to me to decide.

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 Mr L's claim as they did.

Having done so, I've decided to uphold the complaint. I think the investigator's recommendation here is a fair way to settle the complaint.

Mr L's policy document sets out what he'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 (£6,810), CAP (£6,826) and Percayso (previously Cazoo - £7,393). esure offered an average of the three values. We also attained a valuation from Autotrader (£7,611). 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.

Whilst esure has provided an advert to support their initial valuation, Mr L has provided us with two adverts to support a higher valuation. The trade guides are experts in this area and use a lot of information when coming to their valuation figures. I've not seen enough evidence to persuade me that following our current approach isn't fair and reasonable in this instance. I think that £7,611 is a fair market value for Mr L's car.

Putting things right

esure should pay Mr L the difference between their valuation of £7,010 and a valuation of £7,611. esure should also add 8% simple interest* per year on the additional settlement amount from the date they paid their settlement amount 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 Mr L how much it's taken off. It should also give Mr L a tax deduction certificate if he asks for one, so he 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 Mr L to accept or reject my decision before 9 April 2024.

Anthony Mullins
Ombudsman