

## **The complaint**

Ms J has complained about her car insurer esure Insurance Limited (Esure). She feels it undervalued her car, which had been declared a total loss, and delayed paying her the settlement it did offer.

## **What happened**

Ms J had an accident, made a claim and Esure felt the car was not repairable. It said that it would settle with her for the market value of her car. It said it had referred to two motor valuation guides to determine that – and it was paying her £7,918, the average of the values returned by those two guides (£7,650 and £7,940). Esure said she'd have that payment within seven days.

Ms J was unhappy. She felt a fair value for her car was £9,000 to £10,000. She also told Esure she had not received the payment. Esure said it wouldn't pay more but it would issue the payment again. Around a month later Esure reraised the payment. Ms J complained to the Financial Ombudsman Service.

After referral to this Service, regarding the delayed payment, Esure said it had reviewed matters. It told our Investigator it had calculated an interest payment on its valuation sum and paid that to Ms J. It also said it had paid her £250 compensation for the distress and inconvenience it had caused.

Regarding the market value, our Investigator noted that Esure had only used two of the four motor valuation guides commonly referenced by this Service. He noted the two Esure hadn't used gave higher values. He asked Esure if it had any evidence which might support its valuation at the lower end of all four of the guides. Esure said its sum was within the range of all the guides, which it felt was still a fair way to determine the market value for a car. Our Investigator felt Esure should apply a market valuation in line with the highest value returned by the four guides, £8,690. He said it should pay Ms J the difference between what it had paid already and that sum, plus interest. He further felt that Esure's low settlement value had also caused Ms J some upset. So he thought it should pay an additional £150 compensation, making total compensation of £400.

Esure said it disagreed with the basis for the revised settlement sum – that the approach applied by this Service is unfair to insurers. It said it also disagreed that further compensation was warranted.

The complaint was referred for an Ombudsman's 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.

### Market value

This service has adopted an approach to market value complaints which we feel is most likely to avoid consumer detriment whilst allowing an insurer a fair chance to show the settlement they wish to make is reasonable. In short, where the different motor valuation guides return different values, we'll expect an insurer to pay in line with the highest valuation – unless it has good reason to support a payment in line with any lower sums returned.

Here Esure only consulted two of the four commonly available guides which are usually referred to by this Service. And even on the basis of those two guides, it calculated its settlement based on their average. The two guides which Esure did not consult returned values which were quite significantly higher (£8,560 and £8,690). Esure then, to show its settlement based on values from the lower end of the available values is fair, needs to support that in evidence.

I see from Esure's response on this complaint that it does not agree with this approach. It seems Esure thinks its settlement is justified because the sum was within the range of all the values – and that is how it's been calculation settlements for years. I'm not convinced though that its disagreement with our approach equates to it showing its settlement – which should have been made in line with our current approach – is fair and reasonable.

In terms of evidence provided in respect of cars for sale like Ms J's, Esure hasn't provided any adverts or expert comment which might make me think cars, like hers, were available for the value Esure elected to apply. So it hasn't shown its settlement, at the lower end of the span of available values returned by the guides, was fair and reasonable. As such I'm satisfied that a settlement in line with the highest of the guide values is fair and reasonable.

Esure has already paid Ms J's claim based on a market value of -£7,918 (later adding interest). The upper value of the guides was £8,690. That's a difference of £772. I think Esure should pay this sum to Ms J, plus interest\* applied from the date of loss until settlement is made.

In concluding this I did take note of Ms J's request for settlement of £9,000 to £10,000. However, whilst she provided some adverts for cars for sale, none of those were enough like hers to make me think this is the sum she'd have had to pay to replace her car on a like basis. All the adverts she presented, showing cars at the value she felt was fair, were for cars different to hers in terms of gearbox or fuel type, and/or age and mileage. So I wasn't persuaded that these showed the values returned by the guides to be unreliable indicators of her car's fair market value.

### Compensation

I've seen no good reason why Esure delayed reraising the payment to Ms J. I don't doubt it was difficult and frustrating for her whilst she managed without the settlement. On top of that, the money she was promised, and did finally receive, was less than what she should have got, if Esure had made a fair and reasonable settlement offer to her. Overall I think a total of £400 is fair and reasonable compensation. As Esure has already paid £250, I'm going to require it to pay a further £150.

### **Putting things right**

I require Esure to pay Ms J:

- £772, in full and final settlement of her claim, plus interest\* applied from the date of loss until settlement is made.

- £150 further compensation, where £250 of the total compensation award of £400 has already been paid.

\*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Esure to take off tax from this interest. If asked, it must give Ms J a certificate showing how much tax it's taken off.

### **My final decision**

I uphold this complaint. I require esure Insurance Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 30 July 2024.

Fiona Robinson  
**Ombudsman**