

The complaint

Ms S has complained that the offer made to her by her motor insurer, esure Insurance Limited ('esure'), for the market value of her car was too low. She is also unhappy with its service.

What happened

In November 2023, Ms S was involved in a road traffic accident as a result of which her car sustained damage. She says she reported this to esure on the same day and over the following few days she tried to speak to esure to progress her claim but wasn't able to get through to anyone.

Ms S said she received an email from esure four days after the incident telling her it would be recorded as a fault claim but wouldn't affect her no claims discount (NCD) as it was protected. She said she received a further email the following day letting her know that her NCD would be reduced and asking for the name of the company which had collected her car. Ms S said that her car had always been in her possession.

Ms S said she responded the following day to say that she had paid extra to protect her NCD and to ask when her car would be collected to be repaired. She didn't hear back and chased again a few days later. Ms S added that though she had provided esure with photos of the damage she received a number of texts asking her to resubmit these.

On 7 December 2023 Ms S called esure and said despite already having sent photos of the damage she was being asked to send them again. esure told her it had received them and the car was repairable and that it would instruct a repairer to get in touch with her.

Ms S got in touch with esure on 12 December 2023 to say that it hadn't given the garage her details. esure said it had but would send them again. There were issues with the garage being able to contact Ms S so esure had to send a manual instruction two days later.

Ms S said she was then contacted by the garage asking when they could book her car to be assessed. A week later the garage got in touch with her asking for photos of the damage.

Ms S made a complaint to esure in January 2023 about the lack of progress and communication. She said the garage got in touch with her again a few days later asking for better photos and around the middle of January 2023 she found out from the garage that her car was to be written off as it was a total loss. Ms S wasn't happy about this and said the car was never inspected in person.

Ms S then spoke to esure who told her the repairs would cost over £3,000 and that is why her car would be uneconomical to repair. She said she received an email a few days later offering her £4,114 for the market value of her car. Ms S rejected the offer as she felt her car was worth more than £5,000.

esure responded to Ms S's complaint on 18 January 2023 and said it believed the matter had been resolved and referred her to our organisation if she wanted to pursue her complaint further.

Ms S said that she received a cheque for £3,614 from esure on 25 January 2023 which she didn't cash as she didn't agree with the valuation or the fact that the total loss hadn't been discussed with her. She said esure arranged for her to speak to an engineer a few days later but he only increased the valuation by £93 which she again didn't accept.

Ms S then brought her complaint to us. She said that esure caused her a lot of anxiety and stress by its lack of communication in addition to writing her car off without it having an inspection. She said she wanted an offer that would enable her to replace her car with one like her existing car and an apology for the poor service she received.

After the complaint came to us Ms S said she decided to retain her car which she has since had repaired by a garage of her choice. esure paid her £2,371, after deducting the salvage which it valued at £1,399, which Ms S used towards the cost of the repairs. esure also confirmed that when Ms S's policy lapsed she didn't lose any of her NCD as it had been protected. It added that as the car was driveable it wasn't a priority to get repaired and that the Christmas period also accounted for some of the delays.

One of our investigators reviewed the complaint and thought it should be upheld. She said that she didn't think esure's offer towards the market value of the car was fair and reasonable and that a fair and reasonable valuation would have been £4,983. She said esure should pay the shortfall plus interest. She also thought that esure's service could have been better including its communication with Ms S. She thought it should pay Ms S £100 compensation for the distress and inconvenience it caused her.

Ms S agreed with our investigator but esure didn't. It said it wasn't clear where it had failed Ms S in terms of the service it provided. It said it couldn't advise Ms S about the status of her claim before the car was assessed. And in terms of the valuation, it said it relied on the expert opinion of its engineers for this.

esure asked for an ombudsman's decision and the matter was then 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.

The valuation

Ms S said she wasn't happy that her car wasn't inspected in person before being declared a total loss. I appreciate the point she is making, but it isn't unusual for insurers to carry out

inspections using photographic evidence. It is standard industry practice, and I don't think esure's actions were unfair or unreasonable in this regard.

The terms and conditions of Ms S's policy say that, amongst other things, esure will cover the insured against loss of or damage to their vehicle and will replace what is damaged if this is more cost-effective than repairing it.

The policy defines the market value as:

"The market value is the amount you could reasonably have expected to sell your vehicle for on the open market immediately before your accident or loss. Our assessment of the value is based on vehicles of the same make and model and of similar age, condition and mileage at the time of accident or loss. This value is based on research from motor trade guides...this may not be the price you paid when you purchased the car"

Our service has an approach to valuation cases like Ms S's that has evolved in recent times. When looking at the valuation placed on a car by an insurance company, I consider the approach it has adopted and decide whether the valuation is fair in all the circumstances.

Our service doesn't value cars. Instead, we check to see that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we tend to use relevant valuation guides. I usually find these persuasive as they're based on nationwide research of sales prices.

esure used some of the four motor guides we use. We consulted the remaining guides. The guides esure used produced values of £4,207 and £2,490 though the latter was a trade rather than retail valuation so I have discounted it. I've also reviewed the valuations our investigator obtained, and the guides returned values of £4,823, £4,983 and £4,325. The final guide did not return any values. I think the three valuations are fairly close to each other and I, therefore, didn't consider any to be an outlier. So, I haven't discounted any of them. If I were to discount any, it would be the lowest valuation as the other valuations are closer to each other.

esure valued Ms S's car at £4,207 which is the value it got from one of the guides- the one that returned the £4,325 value for our investigator. esure has provided us with adverts in support of its valuation being fair. The adverts were for £4,495, £3,990 and £4,275. I have considered those adverts, but I have discounted them. The reason for this is that two of the cars had higher mileage than Ms S's car. Another one had a number of previous owners. And all cars were quite far from Ms S's location with two of them being over 200 miles away and the other over 100 miles away. esure has also provided a report from one of its engineers which said the valuation was £4,200. This was based on the trade guide which returned the £4,207 valuation.

Ms S has provided two adverts, for £5,490 and £5,495 respectively, which I have considered. The first advert doesn't show the car's mileage and the second shows a car of similar make and model as Ms S's but with much lower mileage. So I didn't consider these to be persuasive evidence in support of Ms S's argument that the car is worth over £5,000. Also, the price that a car is advertised for isn't necessarily the price it will sell for which is often lowered further to negotiation.

Looking at the valuations produced by the guides I'm not persuaded that esure's offer of £4,207 is fair. This is because it is lower than our three valuations and it hasn't shown why its offer is fair or that Ms S can replace his car with a similar one for the amount offered. In these circumstances, to be satisfied that esure's offer represents a fair valuation, I'd expect to have been provided with other evidence to support that a lower valuation point is appropriate. And I'd need to be satisfied that this evidence is relevant and persuasive before accepting that a lower valuation should be used. As I said above, I didn't find esure's additional evidence persuasive that a lower valuation should be used.

Given there isn't any other relevant evidence to persuade me that a valuation in line with the higher valuations produced is inappropriate and to avoid any detriment to Ms S the highest valuation produced by the guides is my starting point. And considering the overall variation of the values produced I consider that a more appropriate and fair market valuation would be £4,983. And I think that Ms S should be paid 8% simple interest for the time she has been without the additional money owed.

Service issues

Ms S isn't happy about the service she received from esure. She said there were delays in her car being assessed, communication was sometimes confusing including the point about her NCD being protected and that she also didn't find out about the car being a total loss until she spoke to the garage.

esure told us that Ms S's car wasn't a priority as it was driveable, but I can't see that this is something it made Ms S aware at the time. And I note that Ms S wrote to esure in November 2023 to say that her right-side front indicator wasn't working which Ms S told us made her nervous when driving.

In terms of the delays, I can see that there were some periods where seemingly not much action was taken, for example between 23 November and 7 December 2023 when Ms S called to say that she had already sent esure images of her car. I see there was also confusion about esure instructing the garage with the latter saying it wasn't provided with Ms S's details to contact her. There was again further delay between the middle of December 2023 and mid-January 2024 when Ms S was told by the garage that the car was a total loss. I appreciate that some delays may have been due to the holiday season, but I don't think this would explain an entire month's delay.

Overall, I think esure's communication with Ms S could have been better and if it expected delays from the start, I think it should have made Ms S aware and managed her expectations. As I said above there were also periods where not much progress was being made. In the circumstances I think it should pay Ms S £100 compensation for the distress and inconvenience it caused her.

Ms S has also asked for an apology from esure for its customer service, but I don't think a forced apology would have much meaning. So, I won't be asking esure to issue one.

Ms S said that she continued to receive messages from one of esure's repairers after she brought her complaint to us and even after our investigator's view. I understand this is something that is being considered separately by esure and I have therefore not addressed it in this decision.

My final decision

For the reasons above, I have decided to uphold this complaint. esure Insurance Limited must pay Ms S the shortfall between the £2,371 it has paid so far and the £3,084 it should have paid based on the £4,983 valuation less the £500 excess and £1,399 salvage value. It must add 8% simple interest per year on the shortfall from the date of its first payment to Ms S on 17 January until the date of settlement.

It must also pay Ms S £100 compensation for the distress and inconvenience it caused her. esure Insurance Limited must pay the compensation within 28 days of the date on which we tell it Ms S accepts my final decision. If it pays later than this it, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 24 October 2024.

Anastasia Serdari
Ombudsman