

complaint

Mr F complains about the way in which esure Insurance Limited has dealt with his car insurance claim, following an accident on 13 August 2017. He's unhappy about:

- The valuation of the vehicle;
- The salvage value;
- The level of customer service he's received, including the delay in recovering the excess.

background

Mr F was driving along a country lane when a motorcycle collided with his car. esure decided that his car was a total loss. Originally it valued the vehicle at £3,160. Mr F didn't think this was fair. esure accepted his argument and increased its valuation to £3,755. It also offered him £50 to compensate him for the trouble and upset caused by the low value it had put on the vehicle. esure deducted £90 as half the cost of repairing pre-existing damage to the bumper. It said that, if Mr F wanted to buy the salvage, this would be calculated at 35% of the valuation. Finally it told Mr F it couldn't refund him the £400 excess on his policy unless and until the motorcycle driver admitted liability.

Mr F said it simply wasn't possible to find a like for like replacement of his car for the amount esure had offered him. He provided advertisements of similar vehicles in support of this argument.

He queried the salvage value, the estimated cost of the repairs and complained about esure's failure to keep him updated about the progress of his claim.

Our investigator said that esure had assessed both the value of the vehicle and the salvage value in line with standard practice. He said he couldn't ask esure to increase the amount it was willing to pay on a full settlement, or reduce the cost of salvaging the vehicle. He did think that esure hadn't provided an acceptable level of customer service and asked esure to waive the deduction of £90 for pre-existing damage to the bumper on Mr F's car.

Neither Mr F nor esure was happy with this outcome so the case has come to me for review.

my provisional decision

I issued a provisional decision in which I said:

'Under the terms of his policy, Mr F was entitled to the market value of his car immediately before the accident. The definition of 'market value' in Mr F's policy terms and conditions explains that this will be calculated by reference to the trade guides. We also think the trade guides provide the most reliable way of valuing a vehicle. This is because they are based on actual sale proceeds, rather than advertised prices which often provide the starting point for negotiation.

In this case the following valuations were obtained:

£3,770

£3,716 (independent dealer)

£3,921 (franchise dealer)

£3,515

esure disregarded the lowest valuation. Its figure is based on the average of the others. It has explained that the original low valuation didn't take into account some of the optional extras on the car. I'm satisfied that its revised valuation is in line with the approach we would expect it to take, as well as the terms and conditions of the policy.

The terms and conditions of the policy say '*if we settle a claim as a total loss, the lost or damaged car becomes our property*'. So ownership passed to esure when it decided the car was a total loss. esure gave Mr F the option of buying the salvage, but said he would have to pay the same as its salvage agent for the vehicle. This is standard practice throughout the insurance industry. Mr F wasn't happy about the amount he had to pay for the salvage. But I can't see that he's provided any evidence which suggests the salvage wasn't worth what esure said it was.

Likewise the deduction of half the cost of repairing pre-existing damage is in line with the approach we would expect esure to take. Mr F doesn't challenge the presence of minor damage to the bumper before the accident occurred, or the notional cost of £180 to put it right. So I can see no reason why esure isn't entitled to deduct £90 from the final settlement figure. Any award for trouble and upset caused by poor customer service would need to be considered separately and calculated in accordance with our guidelines, depending on the nature and extent of the upset caused.

Unfortunately I have to agree with esure that, although Mr F has undoubtedly suffered trouble and upset, this is as a result of the accident itself and the need to make the claim, rather than anything esure has done wrong. As esure has explained, when Mr F brought his complaint to us in September 2017, it was comparatively early days. Liability wasn't admitted. Until this happens esure will not be able to reimburse the £400 excess. The delay in resolving this is undoubtedly very frustrating for Mr F and has added to the stress of dealing with the aftermath of the accident, but I can find no evidence that esure has caused unnecessary delay in resolving the claim.

Mr F complains about the lack of consistency and communication from the claim handling team. But the main reason why esure hasn't provided more regular updates is because there has been nothing to report, while it waits for the insurer of the motorcyclist to set out its position on liability.

Taking all this into account, I think that esure's handling of Mr F's claim, apart from the initial error on the valuation, has been fair and reasonable. It has compensated him for the low valuation it first gave him by paying him £50. Given that esure increased the valuation within a relatively short time, I think this is fair. So my provisional view is that the complaint should not be upheld.'

Mr F felt that his issues and the evidence he had sent us hadn't been properly considered. He said:

- The valuation of the vehicle had never been properly completed and failed to take in to account the extra features of his car;
- esure's delay in pursuing the claim hadn't been taken in to account;
- esure had sold the car for salvage without his knowledge despite saying it wouldn't;
- esure's poor response to emails he sent: either replying late or not replying at all;
- The car hire company had been chasing him for updates and had told him esure was saying that he hadn't been in touch.

I have looked again at the evidence in this case but, for the reasons set out below, I remain of the view that there is nothing further esure needs to do to put things right.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

vehicle valuation

esure accepts that when it first valued the car it didn't take into account the additional features it had. Having done so, it increased its offer in line with the approach that we would expect it to use. As I explained in my provisional decision, we don't think advertised sale prices provide a reliable basis for valuing a vehicle.

delay

The accident occurred on 13 August 2017. By 4 September, when Mr F brought his complaint to us, esure was actively dealing with the claim on his behalf. But it was still dependent on the other insurer accepting liability before the claim could be concluded and Mr F's excess refunded. esure has confirmed that liability was conceded in full by the other insurer and Mr F's excess paid on 3 November 2017. I can find no evidence of undue delay. Unfortunately even the most straightforward claim can take weeks, if not months, to resolve.

salvage value

I have looked again at our approach to calculating the salvage value of a vehicle. We would expect any valuation to be in line with the pre-accident market salvage value. That appears to be the basis for esure's calculation in this case. I can't find any evidence to suggest esure exaggerated the salvage value.

sale of the salvage

Mr F says, having brought his complaint to us, he asked esure not to dispose of the salvage until we had reached our decision on his complaint. On 15 November he emailed the investigator to complain that esure had sold the salvage without coming back to him first or waiting for our decision. This is a new complaint which Mr F will need to raise first with esure, before we can look at it.

communication issues

I can fully appreciate Mr F's frustration in trying to progress the claim when there had not been a clear admission of fault by the motorcyclist. But I think esure took reasonable steps to keep Mr F informed about what was happening.

This wasn't a straightforward process, in the sense that Mr F was unhappy about a number of matters. These included the decision to declare the vehicle a total loss, the assessment of the cost of repairs, the upfront deduction of an excess of £400, the limits to his entitlement to car hire once the car had been written off and his concern that the salvage charge was too high. For the reasons given above, I'm satisfied that esure was acting in line with the policy terms and conditions and standard industry practice in its handling of the claim. But I think these issues were probably responsible for the stress and anxiety he experienced, rather than any failure by esure to communicate effectively with him. There were certainly times when there was nothing for esure to report. As I have indicated above I think the overall time scale for settling the claim was reasonable.

I can't really comment on what the car hire firm told Mr F. I can only look at the way in which esure handled his claim and I'm satisfied that it did so in a fair and reasonable way.

my final decision

I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 6 March 2018.

Melanie McDonald
ombudsman