

The complaint

Mr P complains that esure Insurance Limited mishandled his claim on a motor insurance policy.

What happened

The subject matter of the claim and the complaint is a hatchback car, made with a powerful engine by a premium-brand car-maker and first registered in late 2013.

For the year from late May 2022, Mr P had the car insured on a comprehensive policy with esure.

Any claim for theft was subject to an excess of £400.00.

In late April 2023, Mr P reported that someone had stolen the car.

On about 18 May 2023, esure said the car was a total loss and its pre-theft market value had been £10,968.00. Mr P complained to esure that it was under-valuing the car.

By a final response dated about 22 May 2023, esure turned down the complaint. It said it had seen trade guide valuations as follows:

CAP	£10,670.00
Parker's	£11,064.00
Glass's	£11,170.00
Cazoo	£13,178.00

The final response said that esure regarded the Cazoo figure as an anomaly, so esure had taken an average of the other three figures, £10,968.00. The final response said esure had sent Mr P a cheque for £10,568.00, which he could accept without affecting his complaint.

Mr P brought his complaint to us straight away.

our investigator's opinion

Our investigator recommended that the complaint should be upheld. The investigator obtained a further trade guide valuation as follows:

Autotrader	£13,007.00
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In her first opinion, the investigator thought that we don't usually use Parker's and we should discount CAP as an outlier and take an average of the remaining three (that is £12,451.00).

The investigator recommended that esure should pay Mr P:

1. the difference between £12,451.00 and the settlement offered; and
2. 8% interest on the difference from the day of settlement; and
3. £50.00 for the distress and inconvenience caused.

Mr P agreed with the investigator's opinion.

On 4 August 2023, the investigator asked esure to respond to the opinion by a final deadline of 7 August 2023. On 7 August 2023, esure accepted the investigator's recommendation.

On 18 August 2023, our investigator gave a second opinion. She thought that the higher two valuations were more accurate. So, we should be asking esure to pay an average of these two.

She recommended that esure should pay Mr P the difference between the settlement offer provided and the average of Cazoo and Auto Trader which is £13,092.50. She said that if the settlement had been paid, esure was to include 8% interest from the date the settlement was paid.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr P and to esure on 22 November 2023. I summarise my findings:

I was minded that the figure of £10,968.00 was unreasonable. That's because esure agreed the investigator's recommendation to increase the valuation to £12,451.00. So Mr P has a reasonable expectation of further payment.

Subject to any further information either from Mr P or from esure, my provisional decision was to uphold this complaint. I intended to direct esure Insurance Limited to pay Mr P:

1. in addition to its payment of £10,568.00, a balance of £1,483.00 for his lost car; and
2. simple interest at a yearly rate of 8% on the balance of £1,483.00 from 22 May 2023 to the date of payment. If esure considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr P how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Mr P and esure each accepted the provisional decision.

I see no reason to change my view.

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 Financial Ombudsman Service expects an insurer to value a used vehicle by reference to the retail figures in certain trade guides. We find such figures persuasive as they are based on extensive research of likely selling prices.

We will look at any relevant evidence. But, compared to the trade guide figures, we usually find advertisements less reliable because they contain only asking prices that may be negotiated downwards.

Typically, each trade guide will give a different figure, so that there is a range of figures. If one figure is out of line with all the others, then we may disregard it as an outlier. Otherwise, we often say that any figure in the range is a fair figure.

In Mr P's case, I've noted the make, model, age, specification, condition and approximate mileage of the car. I've checked the trade guide figures.

I don't regard the CAP figure as so out of line (for example with the Glass's figure) that I should disregard it as an outlier. Similarly, I don't regard the Autotrader figure as so out of line (for example with the Cazoo figure) that I should disregard it as an outlier.

But I wouldn't usually consider the Parker's figure. So I regard the other four figures as forming two distinct ranges (CAP and Glass's on the one hand and Cazoo and Autotrader on the other). So I've looked at what other evidence is available.

Mr P has told us that he saw advertisements for similar cars, including one at the lowest price of about £15,495.00. But I don't consider that he has provided enough advertisements or other evidence to support a valuation at that level.

The other evidence also includes the Parker's figure. As I recall, we stopped using that guide because it was less reliable when used retrospectively months after the loss. However, esure has shown us that it obtained the Parker's figure shortly after the theft. I'm aware that Parker's often produces a figure similar to CAP.

Nevertheless, in the absence of any stronger evidence, I consider that it's fair to say that the Parker's figure supports the figures from CAP and Glass's.

Therefore I could find that esure's figure of £10,968.00 wasn't an unreasonable valuation.

However, I consider that the figure of £10,968.00 is unreasonable. That's because esure agreed the investigator's recommendation to increase the valuation to £12,451.00. So Mr P has a reasonable expectation of further payment.

Putting things right

Therefore I find it fair and reasonable to direct esure to increase its valuation to £12,451.00. That will require further payment of a balance as follows:

agreed valuation	£12,451.00
less excess	£ 400.00
sub-total	£12,051.00
less paid	£10,568.00
balance	£ 1,483.00

I've thought about distress and inconvenience and about interest.

I consider that the theft and the need to make a claim were bound to cause Mr P some distress and inconvenience. Also, some of Mr P's distress and inconvenience has been to do with esure keeping him out of money. Interest is a form of compensation for that. So I don't

find it fair and reasonable to direct esure to pay Mr P compensation for distress and inconvenience.

Within a month of the theft, esure told Mr P he could accept the cheque for £10,568.00. So I don't find it fair and reasonable to direct esure to pay interest on that. But I find it fair and reasonable to direct esure to pay interest at our usual rate on the balance of £1,483.00 from 22 May 2023 to the date of payment.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct esure Insurance Limited to pay Mr P:

1. in addition to its payment of £10,568.00, a balance of £1,483.00 for his lost car; and
2. simple interest at a yearly rate of 8% on the balance of £1,483.00 from 22 May 2023 to the date of payment. If esure considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr P how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 1 January 2024.

Christopher Gilbert

Ombudsman