

The complaint

Mr K has complained that esure Insurance Limited trading as esure's appointed salvage agent caused damage to his car when he made a claim under his car insurance policy. Mr K wants esure to meet the costs to repair the additional damage.

What happened

Mr K was involved in an incident and his car was damaged. He reported the incident to his insurer, esure.

esure arranged for Mr K's car to be collected by a salvage agent for assessment. Mr K says he made it clear from the outset that whatever the outcome, he wanted to retain his car. He viewed the damage as minor, which could be easily repaired.

esure said it wasn't economical for esure to repair Mr K's car. esure has told us it paid Mr K a total loss settlement of £1,489. As esure returned Mr K's car to him as requested, esure deducted a salvage fee of £481 from the market value.

When Mr K's car was returned to him, he found additional damage which he said the salvage agent had admitted causing when it used a forklift truck to move his car. He wanted the damage caused by the salvage agent to be repaired.

The salvage agent offered Mr K £100 compensation to resolve his complaint. Mr K didn't agree this was enough and complained to esure. He provided a copy of an estimate he obtained from a garage. To repair the damage caused by the salvage agent, the estimate came to £1,030.33 including VAT.

esure apologised and said that sometimes damage happens at a salvage agent. To resolve Mr K's complaint, esure said it would pay him the salvage fee it would have otherwise obtained from the salvage agent if it had retained Mr K's car.

For the distress and inconvenience caused by the salvage agent, it paid Mr K £200 compensation.

Mr K remained unhappy and asked us to look at his complaint.

Our Investigator thought esure should meet the costs to repair the damage caused by the salvage agent.

esure didn't agree. It said the costs to repair Mr K's car were more than the car is worth and would put Mr K in a position of betterment. It says the offer to buy back the salvage for £481 is fair. So esure wanted an ombudsman to decide.

I issued a provisional decision on 18 September 2023. I didn't intend to uphold Mr K's complaint as I thought esure had done enough to resolve it.

Mr K didn't agree. He says he paid to have his car repaired when it was returned by the salvage agent and has provided a copy of the MOT certificate from December 2022. So he says the offer to buy back the car isn't fair.

I asked Mr K to provide any evidence he had of what he paid for repairs. He says he paid in cash and he is unable to reach the mechanic who repaired his car. He's provided some invoices for parts that he bought.

So as Mr K didn't agree, the case has been passed back 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.

Having done so, my final decision remains along the same lines as my provisional decision.

It seems the salvage agent acknowledges it caused damage to Mr K's car. It offered Mr K £100 compensation in February 2023 to resolve his complaint. esure increased the compensation to £200 and offered Mr K £481 as the salvage fee for the car to buy the salvage of the car back from Mr K. esure acknowledged that sometimes further damage occurs in these circumstances.

When things go wrong, we look at what the impact was and what an insurer did to put things right. The most an insurer needs to pay in the event of a claim is the market value of a car at the time of loss.

We don't decide a valuation, but we can look at whether an insurer has reached its valuation in a reasonable way and in line with the policy. We look at the motor trade guides as they can provide a valuation based on the same make, model, age, mileage and condition for a car similar to Mr K's. And as more than one guide is available here, we've been able to look at the average to see if esure reached a fair valuation.

I've checked the motor trade guides and the engineer's report with photos of Mr K's car -. Based on the guides for a similar car to Mr K's - excluding the damage caused by the salvage agent - I'm satisfied that the market value esure reached at £1,960 is within the range of the guides.

Where a customer chooses to retain their car, an insurer is entitled to deduct from the total loss settlement a fee for what it would have otherwise received for the salvage. We think this is fair as otherwise a customer has received a total loss settlement based on its condition before the incident related damage - and also kept their car. This would put a customer in a position known as betterment.

In this case, esure has paid Mr K the market value for his car - and offered to pay him the salvage fee to buy the car back. So this puts Mr K in a position where he has funds to buy a similar replacement car based on its pre accident condition. Or Mr K can choose to pay for the additional repairs - as he has received a total loss settlement for his claim from esure.

So I think esure's offer to pay Mr K £481 is a fair way to resolve his complaint. I don't think esure should pay more than this, but I will consider any new representations Mr K may wish to make.

I think the £200 compensation esure has paid for the distress and inconvenience caused by the additional damage is reasonable. Mr K says he has been using his car far less due to the damage to the underside of his car. And he has been put to the trouble of obtaining an estimate for the repairs which aren't related to the incident.

In response to my provisional decision, Mr K has provided some invoices and a hand written receipt for parts he says he paid for to have his car repaired. I cannot accept the hand written receipt as evidence of proof of payment of £200 for a list of parts. There is nothing to validate what is written on the piece of paper.

On reviewing the evidence I can consider, the parts Mr K paid for come to a total of £248.92. So there isn't sufficient new evidence to persuade me to change my view set out in my

provisional decision. I'm satisfied that the offer esure gave is fair.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 23 November 2023.

Geraldine Newbold
Ombudsman