

The complaint

Mr G has complained that esure Insurance Limited wrongly reduced the amount it would pay him for the total loss of his car under his motor insurance policy. This was because it said there was some pre-accident damage on his car.

What happened

Mr G was involved in a car accident, which wasn't his fault. He made a claim on his motor policy to esure, given his car was badly damaged in the accident. Esure agreed to pay him the market value of his car as the damage was too great to repair it. When it was investigating the value of Mr G's car, it said his car had some pre-accident damage on it. And it said that would reduce the value of Mr G's car.

Esure then said this pre-accident damage would have cost £1,597 to repair. But because it could use preferential rates it would only deduct £532 from the car's value instead. Mr G didn't think there was any pre-accident damage on his car so he didn't think anything should be deducted by esure.

Initially esure offered Mr G £2,800 for his car, but Mr G didn't think that was enough. Then it offered £3,020. Mr G didn't agree this was enough either. However, esure sent a cheque to Mr G for this amount on 3 May 2023. Mr G didn't cash this cheque so esure have now cancelled it.

As he was unhappy, Mr G brought his complaint to us. The investigator thought esure's valuation of Mr G's car was reasonable. She also thought it had shown there was some pre-accident damage on Mr G's car. And she thought the amount esure deducted for this damage was fair, given it was far less than it could have been. So, she didn't think esure had to do anything more.

Mr G didn't agree so his complaint has been 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.

Having done so, I'm not upholding this complaint. I'll now explain why. Given Mr G's car was so badly damaged in the accident I think it's right esure wanted to pay Mr G for the market value of his car. However, esure said there was some damage on Mr G's car which wasn't caused in the accident. And esure have shown that to us.

Existing damage

It said the damage was the following:

- 'Offside (driver's side) damage – Large dent in rear door. Dent and scrape to side panel dog leg. Both alloys curbed.
- Front end – Chips all over bonnet and bumper.
- Nearside (passenger side) damage – Scuff to bumper and side panel
- Engine/Mechanical condition – Engine light on dash.'

I think esure could have detailed this out much better in its documents, so it was clearer for both Mr G and indeed us to see and understand, but nevertheless I do think esure has shown there was this damage which wasn't caused in the accident.

Deduction of cost of repairs

When this happens, insurers like esure are allowed to deduct the cost of the repair of this sort of damage from the amount it's going to pay Mr G for the value of the car.

I've looked at what esure said it would cost to repair this damage. It said it would cost £1,597. But it reduced that further saying it would only deduct £532 from the car's value instead. I think this is fair as it's to Mr G's advantage as he gets more for the value of his car from esure.

Vehicle valuation

Insurers value cars by looking at the valuation guides as these show the amount cars are sold for. This meant it valued Mr G's car at £3,552 and it deducted £532 for the pre-accident damage not caused in the accident. So that means the total payable to Mr G is £3,020.

The investigator also looked at the valuation guides and she could see that esure had put a reasonable and fair value on Mr G's car. So, I'm satisfied esure wanted to pay a proper amount for the value of Mr G's car.

Replacement cheque

Esure sent a cheque to Mr G in May 2023 for £3,020, however sadly Mr G didn't cash it. So, I've asked esure to cancel it as the bank wouldn't accept the cheque now. But I'm going to ask them to reissue the cheque and send it to Mr G. This should be sent to Mr G regardless of whether Mr G accepts this decision. This is because esure sent this cheque to Mr G before Mr G brought his complaint to us.

So, because I've decided that esure did pay Mr G a fair and reasonable amount for the value of his car, I don't think esure needs to do anything else.

My final decision

So, for these reasons, it's my final decision that I don't uphold this complaint, other than esure should reissue and post the cheque of £3,020 to Mr G.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 16 January 2024.

Rona Doyle

Ombudsman