

The complaint

Mrs P complains that esure Insurance Limited mishandled her claim on a motor insurance policy.

What happened

The subject matter of the claim and the complaint is a car, first registered in 2016. Mrs P's mother had owned the car. On her passing, Mrs P inherited the car.

According to its MOT history, the car passed a test in mid-July 2022 with a recorded mileage of about 67,000.

For the year from early August 2022, Mrs P had the car insured on a comprehensive policy with esure.

Unfortunately, in mid-March 2023, an accident damaged the car.

Shortly afterwards, esure said the car was a total loss and its pre-accident value had been £8,600.00.

Mrs P complained to esure.

In mid-May 2023, Mrs P complained through us to esure that:

- It had given poor service on the day of the accident.
- It had told her she could keep the damaged car for a salvage fee of £2,100.00, but had sold the car without letting her know.
- It had under-valued the car.
- It had only provided a courtesy car for 21 days.

Regrettably, esure didn't provide a response to our requests for information.

our investigator's opinion

Our investigator recommended that the complaint should be upheld in part. She said that she'd seen trade guide figures in the region of £8,520.00 and £8,891.00. She thought that esure's valuation was fair because it was within that range. She thought it was unlikely esure had been unreasonable in ending the courtesy car.

However, the investigator thought that Mrs P would've been distressed and upset at having to struggle to get home after the accident. The investigator also upheld Mrs P's complaint about having wanted to keep the car. The investigator recommended that esure should pay Mrs P £600.00 for distress and inconvenience.

my provisional decision

I asked the investigator to get valuations from CAP and Auto Trader.

After considering all the evidence, I issued a provisional decision on this complaint to Mrs P and to esure on 5 April 2024. I summarise my findings:

I was not persuaded that esure's offer was fair and reasonable.

I considered that a more appropriate fair market valuation would be £9,509.00.

The car was a connection with her late mother. So Mrs P wanted to keep it. And the unexpected sale by esure had an impact on Mrs P that was more than in most cases. Similarly esure's under-valuation was more hurtful to Mrs P than in most cases.

Subject to any further information either from Mrs P or from esure, my provisional decision was that I upheld this complaint in part. I intended to direct esure Insurance Limited to pay Mrs P (in addition to its previous payments):

1. a further £909.00 for her car; and
2. simple interest on £909.00 at a yearly rate of 8% from 14 April 2023 to the date of the further payment. If esure considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mrs P how much it's taken off. It should also give her a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate; and
3. £600.00 for distress and inconvenience.

Mrs P agreed with the provisional decision, but added the following:

"I need to add that I have paid [esure] £472.49 for my car insurance for the full year on 08/08/2021. However I had my accident on 14th of March and I should have received a refund for the remainder of the cost of my insurance for rest of the year (from 14th March to 8th Aug) but they never agreed to give me any refund. The refund for the cost of insurance they had to refund me should have been at least £200."

esure responded to the provisional decision as follows:

"You mentioned £600 compensation we have already raised £200 so is this a further £400 to be raised. You also mention esure has not provided a response to her complaint but we issued a final response and also responded to the follow up questions the PH had [on the] back of our initial response. Can you please confirm when the PH has been back in touch and we will raise the additional value and clarification on compensation amount."

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.

Lack of response from esure

When we ask a regulated insurance company to provide us with information, we expect a prompt and positive response.

That has not been the case with esure in this complaint.

One consequence of the lack of response from esure is that I have no reason not to accept Mrs P's recollection of what happened.

Recovery

The accident was bound to cause Mrs P some distress and inconvenience.

However, Mrs P has said that esure provided the wrong registration number to the recovery agent, so it refused to take her car. Mrs P said that, when she contacted esure to correct the mistake, it told her it would also arrange for her to get home, but it didn't make any such arrangements. I accept Mrs P's recollection of what happened.

I don't doubt that esure caused Mrs P extra distress and inconvenience at an already difficult time for her (see the section "Distress and Inconvenience" below).

Salvage

If and when esure made a total loss payment to Mrs P, then ownership of the car would pass to esure, who would sell the damaged car through a vehicle salvage company. If, instead, Mrs P wanted to keep the car, then she would have to pay, or suffer a deduction for, the salvage value of the car.

I accept Mrs P's statement that she and esure spoke on 20 March 2023 and agreed that she would get to keep the car for a deduction of £2,100.00 from the total loss payment.

I accept Mrs P's statement that she was upset when she found that esure or its salvage company had sold her car (see the section "Distress and Inconvenience" below).

Courtesy Car

I accept Mrs P's statement that esure provided a courtesy car shortly after the accident but withdrew it after 21 days in early April 2023, before she received a cheque.

However, I don't find it likely that the policy terms entitled Mrs P to a courtesy car after esure decided that her car was a total loss.

I'm satisfied that esure had told Mrs P that it was treating her car as a total loss by no later than 20 March 2023. So I don't conclude that esure treated Mrs P unfairly by withdrawing the courtesy car in early April 2023.

I say that notwithstanding that esure withdrew the courtesy car before Mrs P had received settlement for her car. I accept her statement that she had to use taxis and public transport. However, Mrs P hasn't given details of her travel costs. Moreover, I haven't found that esure treated Mrs P unfairly by withdrawing the courtesy car. So I don't find it fair and reasonable to direct esure to pay Mrs P compensation for such costs.

Valuation

I've noted the make, model, age, approximate mileage, specification and condition of Mrs P's car immediately before the accident.

The policy required esure to pay Mrs P the market value of her vehicle. The policy defines "market value" as follows:

“The market value is the amount you could reasonably have expected to sell your car for on the open market immediately before your accident or loss. Our assessment of the value is based on cars of the same make and model and of a similar age, condition and mileage at the time of accident or loss. This value is based on research from motor trade guides including: Glass’s, Parkers and CAP. This may not be the price you paid when you purchased the car.”

In assessing what constitutes a fair value we generally expect insurers to review relevant guides to motor valuations - which is also our starting point for most valuation complaints. I’ve looked at the available guides to assess whether esure’s offer is fair and reasonable. I have reviewed CAP Market Value Manager, Glass’s Market Value, Auto Trader and Percayso guides, which gave values as follows:

Glass’s	£8,520.00
CAP	£8,775.00
Percayso	£8,891.00
Auto Trader	£9,509.00

Looking at the valuations produced by the guides, I’m not persuaded that esure’s offer is fair and reasonable.

This is because the valuation guides have produced valuations which vary significantly from the lowest to the highest. The offer of £8,600.00 sits in line with some of the lower values produced by these guides, but esure hasn’t shown why this offer is fair, or that Mrs P can replace her 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 (for example, adverts for cars for sale around the time of the loss / experts reports etc) to support that a lower valuation point is appropriate. And I’d need to be persuaded that that this evidence is relevant and persuasive (and more persuasive than evidence provided by the policyholder) before accepting that a lower valuation should be used.

As esure hasn’t provided any other evidence to persuade me that a valuation in line with the higher valuations produced is inappropriate, and to avoid any detriment to Mrs P, the highest valuation produced by the guides is my starting point. So, considering the overall variation of values produced, and the lack of other evidence provided, I consider that a more appropriate fair market valuation would be £9,509.00.

That will require a further payment by esure to Mrs P of the difference between £9,509.00 and £8,600.00, that is £909.00. As esure should’ve paid that difference within a month of the accident, I find it fair to direct esure to pay interest on it at our usual rate. I also accept Mrs P’s statement that she was upset by esure’s under-valuation of her car, and by shortcomings in its communication with her.

Distress and Inconvenience

I’ve considered the distress and inconvenience esure caused Mrs P in the immediate aftermath of the accident.

The car was a connection with her late mother. So Mrs P wanted to keep it. And the unexpected sale by esure had an impact on Mrs P that was more than in most cases.

Similarly esure's under-valuation was more hurtful to Mrs P than in most cases.

I'm not satisfied that esure did enough to try put things right for Mrs P.

Overall, I find it fair and reasonable to direct esure to pay Mrs P £600.00 for distress and inconvenience.

Responses to the provisional decision

The Financial Ombudsman Service is bound by the Financial Conduct Authority's dispute resolution rules. One of those rules is that, before we can consider a complaint, a consumer must first have made that complaint to the regulated firm and waited for up to eight weeks for a final response.

Mrs P has added that esure didn't refund her for the period after the accident.

However, I haven't seen enough evince that Mrs P complained to esure about that. So – in line with the rules – I can't consider that complaint or make a decision on it.

Nevertheless, I make the general point that I wouldn't expect an insurer to make any refund of premium after a claim on which it has to make an outlay, especially as a total loss.

In response to the provisional decision, esure belatedly told us that it had sent a final response letter and a cheque for £200.00 to Mrs P.

We asked Mrs P whether she had received any such payment and she hasn't replied.

We asked esure for a copy of the final response and it sent us a copy, albeit undated, that said it was sending a cheque for £200.00.

So I will adjust my direction for payment of £600.00 for distress and inconvenience by including the words *"insofar as it hasn't already paid her that amount"*.

Putting things right

I find it fair and reasonable to direct esure to pay Mrs P:

1. (in addition to its previous payments) a further £909.00 for her car; and
2. simple interest on £909.00 at a yearly rate of 8% from 14 April 2023 to the date of the further payment; and
3. £600.00 for distress and inconvenience insofar as it hasn't already paid her that amount.

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 Mrs P:

1. (in addition to its previous payments) a further £909.00 for her car; and
2. simple interest on £909.00 at a yearly rate of 8% from 14 April 2023 to the date of the further payment. If esure considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mrs P how much it's taken off. It should also give her a certificate showing this if she asks for one, so she can reclaim

the tax from HM Revenue & Customs if appropriate; and

3. £600.00 for distress and inconvenience insofar as it hasn't already paid her that amount.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 24 May 2024.

Christopher Gilbert

Ombudsman