

complaint

Mr B has complained that esure Insurance Limited made mistakes with how it valued his car after he made a claim on his motor insurance policy.

background

Mr B's car was damaged and esure decided it was a total loss. Mr B has complained that esure's valuation for his car was too low and he couldn't buy a car for that amount in his local area. He also said the trade guides used by esure to calculate a value for his car don't properly reflect its true market value.

The adjudicator explained the Financial Ombudsman Service's approach is to see whether valuations by insurers are in line with the prices in the three specialist motor trade guides. She could see that esure had looked at all three of the guides when considering a valuation for Mr B's car. The adjudicator noted that Glass' valuation was significantly higher and therefore out of line with the other valuations. She thought that esure had been entitled to disregard it from its calculations on that basis.

Despite saying it would be entitled to disregard Glass' valuation, esure's final offer for Mr B's car was £3000 (less the excess due on his policy). The adjudicator could see that this was close to the average of the two highest valuations which were from Glass and CAP. The adjudicator thought that esure had treated Mr B fairly and didn't think the valuation was too low.

In response, Mr B disagreed and said that esure's and the Financial Ombudsman Service's approach to car valuations was unfair. He raised a number of issues about the use of trade guides and whether their information was accurate or a fair reflection of market price. Mr B also said that he would be out of pocket as he was unable to buy a similar car for the money offered to him by esure.

my findings

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

Mr B has raised a number of issues and questioned if the Financial Ombudsman Service's approach to valuation is fair to customers. I can see he feels strongly that the use of trade guides is not the best approach. I acknowledge that every system has some limitations but I don't think it would be possible for this service to calculate a precise valuation for a vehicle.

Instead we look at how the insurer has approached the valuation of the vehicle and decide if it has made a fair and reasonable offer for its market value. We do this by reviewing the motor trade guides which are based on nationwide research and actual sales figures.

Mr B says cars of the same make and condition can't be brought from a local dealer for the amount esure is willing to pay him. It is true that the sold price for a car will vary but cars which are sold through dealerships may be sold for a higher price to reflect that businesses' profit margin and overheads etc. I think this doesn't mean the motor trade guide prices are wrong in terms of an overall market valuation. I also think it is fair that we put less weight on advertisements for similar vehicles. This is because vehicles often don't sell for the price at which they are advertised.

There are exceptional circumstances where we think the trade guides are not by themselves enough to accurately value a car. For example, where a car is an unusual or rare model or where the customer lives in a remote location. We expect insurers to use a different approach in those circumstances. But I'm not persuaded that Mr B's circumstances are exceptional so I think the guide prices are likely to be a fair indicator of the right price for Mr B's car.

I also accept that it is possible that human error with data entry, a limited number of sales or other factors could cause the results to be inaccurate for a particular model of car. This is why as a service we disregard a valuation that is significantly out of line with the valuations from other guides.

I understand Mr B's argument that esure shouldn't have disregarded Glass' valuation for his car but I think it's fair that a consistent approach is used. And if Glass' guide had given a very low figure then equally we would have expected esure to disregard that valuation.

In any event, the circumstances of this complaint are that the final offer by esure was close to the average of Glass' valuation and the next highest valuation. So I don't think I have any basis for deciding esure's valuation of £3000 (less the excess) for Mr B's car was too low or unfair to him.

my final decision

For the reasons set out above, my decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 May 2016.

Sarah Brooks
ombudsman