

The complaint

Mr B complains that esure Insurance Limited provided him with poor service and unfairly settled what he sees as fraudulent claims against his motor insurance policy.

What happened

Mr B parked his car close behind a stationary vehicle next to a shop in September 2019. He said their number plates touched. He then went into the shop, where he noted that another customer ('Mr A') was making a call. Mr A left the shop, only to return a short time later to say Mr B had damaged his vehicle. Mr B went outside to inspect. A passenger ('Mr A2') emerged from the vehicle and accused him of hitting it when he parked. All the parties present (including the shop owner, 'Mr C') agreed that there was no visible damage.

Mr B heard nothing further about the incident, as expected, but when he called esure in January 2021 about another matter, he was told there was an ongoing claim. It was later settled for £2,694, based on the personal injuries claimed by Mr A and Mr A2 – although there was no claim for damage to their vehicle. Mr B was unhappy about the payment, by not being updated by esure and by the fact that his witness (Mr C) wasn't contacted.

esure paid Mr B £100 compensation for not updating him. It said it hadn't contacted Mr C for a witness statement as Mr B knew him. esure said Mr B had said his car touched the other vehicle and also that there were two people in it at the time. It said he'd later told esure that there was *no* contact with the other vehicle, yet an independent engineer had found minor damage to the front of Mr B's car (which Mr B said was pre-existing). esure said it had rejected the personal injury claims from Mr A and Mr A2 and had made a '*drop hands*' offer to settle the matter, thereby making savings on a potential court case. It said Mr B's no claims discount ('NCD') was unaffected, but that a fault claim had been recorded on his policy.

One of our investigators reviewed Mr B's complaint. He thought esure had acted fairly - given the discrepancies in Mr B's account - and that it had compensated him adequately for its lack of updates. He thought esure had tried to avoid a court hearing, where both personal injury claims may have been upheld. Mr B said he'd been told that a sum had been paid for the personal injury claims anyway, despite the fact that he'd told esure that only *one* person (Mr A2) could have been in the other vehicle when he parked. He also said Mr C wasn't a friend, just a local shop keeper known to everyone in the area.

As there was no agreement, the complaint was passed to me for review. I issued a provisional decision partly upholding the complaint as follows:

The policy allows esure to decide how to settle any claim. We only intervene if we think an insurer has acted unreasonably in exercising its discretion. As part of our review, we consider whether the insurer carried out a full investigation into the circumstances of the claim before making a decision.

I think it's clear from the correspondence and notes on the file and the calls between esure's advisors and Mr B that esure was sceptical about the personal injury claims from the start.

There was no damage to Mr A's vehicle – but Mr B had confirmed that there was contact between it and his car - and some slight damage was found on the front of his car. In these circumstances, I think it's possible that someone sitting in Mr A's vehicle when Mr B parked his car may have sustained an injury, even though it seems very unlikely. Mr B confirmed that Mr A2 got out of the other vehicle – although not at the time of the accident. And Mr A2 was able to produce medical evidence of his alleged injury.

I think it was reasonable for esure to conclude in these circumstances that the best and most economical way to deal with Mr A2's claim (even if it thought it was fraudulent) would be to settle it and to avoid the cost of court proceedings. We think that's fair if an insurer thinks it might not be able to defend a claim successfully. It doesn't mean esure disbelieved Mr B or that it ceased to think the claim may be false or exaggerated. But it had to consider what was likely to happen in court should proceedings be taken.

Had a payment been made in relation to Mr A2's claim, then even if Mr A's claim was rejected, a fault claim would still have been recorded against Mr B, as esure had made a payment. A fault claim normally leads to an increase in premiums. But a payment was made for Mr A's claim too. I can see why Mr B would have been particularly upset about that. Mr B had told esure that Mr A was in the shop when he entered it immediately after parking. If that's the case, Mr A couldn't possibly have been injured. Mr B gave esure the details for Mr C - and one of esure's advisors said he'd be contacted. esure says that didn't happen because Mr C didn't see Mr B parking his vehicle. It concluded that he could have no other useful information to give esure. But I don't think that was reasonable.

In my opinion, Mr C should have been contacted. Although he was known to Mr B, it seems their relationship was only that of retailer and customer (whereas Mr A and Mr A2 are related). Mr C could have confirmed whether Mr A was in his shop when Mr B arrived at the location. If he'd done that, I don't think esure would have settled Mr A's claim, as it would have had evidence to put to his representatives of his account of events being false.

It's possible that Mr C would not have confirmed Mr B's account, but he wasn't given the chance either way. I think that was poor service on esure's part and contributed significantly to the frustration, upset and anger felt by Mr B about the way the claim was handled.

esure says Mr B gave it different accounts of how many people were in the other vehicle. I think any discrepancy on this point is likely to have been cleared up by contacting Mr C. And I think esure could have clarified the discrepancies by asking Mr B about them. It seems there were two people travelling in the other vehicle, which may explain why Mr B said there were two people in it. But Mr B has always said that one of them was in the shop at the time of the accident. Mr B wasn't even aware that a passenger was in the vehicle at that point. I think he could have explained the situation to esure's satisfaction if challenged.

esure recognised that it had provided poor service to Mr B in relation to its poor contact with him and its lack of updates. I think the £100 it paid him for that was reasonable. But in my opinion, it would be fair for esure to pay Mr B a further £200 compensation for distress and inconvenience as a result of not having contacted his witness. Had it done so, the outcome may have been different. And regardless of the outcome, I think Mr B would have faced much less upset. Mr B isn't looking for compensation. His aim has always been to show that the claims made by Mr A and Mr A2 were fraudulent. But I think B's service was lacking, and in my opinion compensation for that is appropriate.

I asked the parties to comment on my provisional findings. Neither esure nor Mr B did so.

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.

As neither party commented on my provisional findings, I see no reason to depart from them.

My final decision

My final decision is that I uphold this complaint in part. I require esure Insurance Limited to pay Mr B a further £200 compensation for distress and inconvenience (£300 in total).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 April 2022.

Susan Ewins

Ombudsman