

The complaint

Ms C complained about esure Insurance Limited's handling of her claim under her motor insurance policy.

What happened

Ms C's car was parked when it was hit by a stolen car. esure decided that it was uneconomical to repair and paid Ms C its market value. But they increased her premium on renewal because her claim was still open. They said that was because they hadn't recovered their costs from the driver responsible for the accident ("the third-party"). They wouldn't be able to close her claim until they did that. Ms C felt that they took too long to resolve her claim and failed to communicate with her about what they were doing.

The investigator thought that Ms C's complaint should be upheld in part. She thought it wasn't unreasonable for esure to increase Ms C's premium because of the claim. But she thought that esure's service had been poor. As that had caused Ms C distress and inconvenience, esure should pay her compensation of £250.

Ms C agreed with this, but esure didn't reply. So I've been asked 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.

Ms C's premium increased because the claim was still open. As the investigator explained, it's standard motor insurance practice for a claim to remain open while the insurer attempts to recover their costs from a third party. If the insurer then settles the claim as not being the consumer's fault, they may agree to recalculate the premium on that basis from the start, and refund part of the premium. esure told Ms C that they were willing to do that.

In the meantime Ms C's premium went up and her no claims discount (NCD) was affected. Ms C said that she felt trapped as she couldn't obtain cheaper alternative insurance while the claim was open.

It appeared that the third-party car had been stolen and had cloned registration plates. During our investigation, esure decided to abandon any attempt at recovering their costs. This was because they couldn't find out who the third party was, so they had no one to recover from. I think that esure could have done more earlier to find out about that, and to explain to Ms C what that could mean for her claim and her premium. By then it was over a year since the accident, and they'd still kept Ms C in the dark.

As esure couldn't recover their claim costs from any third party, the claim remains a fault claim against Ms C, even though she wasn't at fault. This again is standard insurance practice and we don't think it is unreasonable as the insurer has incurred unrecoverable costs. It does mean that Ms C lost the chance to readjust her premium with esure, but she obtained insurance from another provider.

I think that esure took too long to try to recover their costs from the third party before deciding that they couldn't do so. And they didn't keep Ms C informed about it, despite her clear requests. Even when the investigator asked esure what they were doing to resolve it, they still didn't reply. Ms C told us that she felt trapped. And it's clear that esure's delay caused Ms C continuing uncertainty and worry. I think that esure acted unreasonably and so caused her more distress and inconvenience than necessary.

Putting things right

I think that esure should pay Ms C compensation of £250 to reflect the impact on Ms C of their poor service.

My final decision

For the reasons I've given above, the complaint is upheld.

I require esure Insurance Limited to pay Ms C £250 compensation* for her distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 16 November 2022.

** esure must pay the compensation within 28 days of the date on which we tell them Ms C accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.*



Rosslyn Scott
Ombudsman