

## The complaint

Mr G complains that esure Insurance Limited unfairly recorded a fault claim against him and increased the premium for his motor insurance.

## What happened

Mr G had a motor insurance policy with esure. In June 2021, esure was contacted by a third party insurer about an accident. The third party said Mr G's car had hit their car on 10 May 2021. The third party's insurer held Mr G liable for the accident.

esure contacted Mr G, who said he hadn't been involved in any accident. He also told esure he'd sold his car before the date of the accident. esure asked Mr G for evidence he'd sold his car, however he didn't provide this.

In January 2022 the case went to arbitration. The third party insurer said it had a photo of Mr G's car from the accident scene. Based on this evidence, esure accepted liability and recorded a fault claim against Mr G. This meant Mr G's insurance premium increased at renewal the same month.

Mr G is unhappy esure recorded the accident as a fault against him when he's adamant he wasn't involved in the accident. He wants esure to remove the claim from his record, reimburse the extra cost of his insurance premium, and compensate him for the time he's spent trying to sort this out.

Since this service got involved, esure has accepted that the photo provided by the third party insurer doesn't show Mr G's car. esure acknowledged that it shouldn't have accepted liability for the accident, and following discussions with us, agreed to:

- Remove the claim from Mr G's record and the Claims and Underwriting Exchange (CUE).
- Increase Mr G's no claims discount by one year.
- Refund Mr G the difference between what he paid for his insurance premium for 2022/23 and what this should have been without the claim recorded against him.

It also offered to pay Mr G £200 for its error and to reflect the inconvenience this caused him.

Mr G didn't accept that £200 was enough to reflect the distress this has caused him, so the case was passed to me.

## My provisional decision

I issued a provisional decision on this complaint on 15 September 2022. I said:

*"Under the terms and conditions of Mr G's policy, esure can take over, defend, or settle a claim as it sees fit ('General Conditions', paragraph 3). This is common in car insurance policies and esure doesn't need Mr G to agree this. This also means esure can make a*

*decision Mr G doesn't agree with. If it does, I can decide if that decision was fair and reasonable.*

*When we asked esure to prove to us that the photo at the accident scene showed Mr G's car, it realised the registration wasn't the same as Mr G's car and agreed to the redress set out above. I'm glad esure has accepted its mistake and agreed to fix this. I'm satisfied that the proposed redress is in line with what this service would ask esure to do in similar circumstances.*

*The only issue left for me to determine is the compensation esure should pay Mr G for not realising this earlier. It's clear that esure caused Mr G unnecessary distress and inconvenience by accepting liability for an accident he wasn't involved in.*

*Mr G doesn't think £200 is enough. He says, in summary:*

- *The offer doesn't reflect the amount of stress this caused him.*
- *He spent "countless" hours on the phone with multiple members of esure staff trying to resolve this.*
- *He doesn't think esure took this seriously enough.*
- *This matter should have been resolved quickly and not had to be referred to this service.*

*Having considered these points – and looked at what this service awards in similar circumstances – I agree with Mr G that esure's offer is too low. I think a more realistic award to reflect the distress and inconvenience it caused Mr G is £350.*

*Finally, Mr G has asked us to confirm the refund amount for his insurance premium. I'd like esure to send us its calculation of this refund when it replies to my provisional decision."*

## **Responses to my provisional decision**

Mr G had no further comments about my provisional decision. However, he told us he'd already started to receive refunds but doesn't understand how they've been calculated.

esure sent us underwriting information and premium history for Mr G's policy for the last two years. This shows:

- Mr G's premium for 2022/23 was originally £1,942.54.
- esure's underwriter told us his premium would have been £1,505.46 if the fault claim hadn't been on Mr G's policy and his full NCD applied.
- Mr G made an amendment to his policy in May 2022. Specifically, he added 'driving other cars' cover to his policy. This increased his monthly premiums from June 2022.

Because of this amendment, esure had to make two refund calculations: one for the insured period before 19 May 2022, to be refunded to Mr G as a one-off payment; and a separate calculation for the insured period after that, to be refunded by a reduction in monthly premiums for the remaining policy term. These are set out below:

- the refund for the period 15 January to 18 May 2022 was £148.08.
- the refund for the period 19 May 2022 to 15 January 2023 was £333.06. esure will apply this refund by reducing Mr G's monthly premiums to £39.85 for the last four months of the policy year, starting in September 2022.
- This means the total refund to Mr G – split between the one-off payment of £148.08

and £333.03 reduction in premiums over four months – is £481.14.

esure also said it still thought £200 was fair compensation in this case. It said Mr G should have either sent proof he'd sold his car or cancelled his policy. If he'd done so, the third party claim wouldn't have been directed to esure because esure wouldn't have shown as the insurer for Mr G's car.

### **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.

I've reviewed esure's calculation for Mr G's revised premium and I'm satisfied the refunds are correct. I understand esure has already reduced Mr G's monthly premiums and is in the process of refunding him for the period January to May 2022.

The only outstanding issue is my award for the distress esure caused Mr G.

esure said Mr G didn't reply when it asked him for evidence he'd sold his car. I understand this argument and I find it difficult to understand why Mr G didn't do this. However, I'd already thought about this when I made my provisional decision and it doesn't change the fact that esure accepted liability for an accident without any evidence Mr G's car had been involved. The only evidence the third party's insurer provided was a photo that doesn't show Mr G's car.

I don't accept esure's argument that Mr G could have cancelled his policy. He had a new car which he needed to insure, and he did this by amending his policy in May 2021. Indeed, this amendment gave some support to his statement that he was no longer driving the car the third party said was involved in the accident.

I'm satisfied the reasons I set out in my provisional decision remain valid. I see no reason to change my award.

### **My final decision**

My final decision is that I uphold the complaint for the same reasons set out in my provisional decision, and require esure Insurance Limited to:

- Remove the claim from Mr G's record and the Claims and Underwriting Exchange (CUE).
- Increase Mr G's no claims discount by one year.
- Refund Mr G the difference between what he paid for his insurance premium for 2022/23 and what this should have been without the claim recorded against him.
- Pay Mr G £350 to reflect the inconvenience this caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 15 November 2022.

Simon Begley  
**Ombudsman**