

## **The complaint**

Mr C says esure Insurance Limited (esure) failed to transfer his motor insurance policy into his son's name as agreed resulting in additional costs.

## **What happened**

In April 2022 Mr C says he contacted esure to cancel his motor insurance. This was prior to the policy renewal. His son had taken ownership of the car covered by this policy, and had sought cover elsewhere. Mr C says esure didn't cancel the policy as instructed. He received further contact and so called back to understand what had happened.

Mr C was told the policy was awaiting renewal, which had yet to be paid. He enquired about the cost of the policy if he wanted this transferred into his son's name. He was quoted a premium cheaper than the insurance his son had obtained. Mr C's son called back later the same day to accept the quote and the new policy. Mr C says it was made clear the policy was to be in his son's name as the main driver and all that was payable was the premium for the new policy.

esure cancelled the policy a day later. It says payment hadn't been provided. Mr C's son needed the use of a car. He was insured on Mr C's other car so was able to borrow this for two weeks. However, this left Mr C without an insured car to drive. He says alternative arrangements were hastily made to obtain insurance for his son to replace the policy esure had cancelled.

In its complaint response esure says a renewal quote was issued in early March 2022. This advised the policy would renew on 12 April and payment would be collected approximately three working days prior to this. The payment was rejected so esure contacted Mr C. It says he then called twice on 18 April, but its call handlers failed to make clear the premium was still outstanding. The response letter says it did, however, make Mr C aware he hadn't paid his premium and action was required. It believes it followed its process correctly.

Mr C didn't agree and referred the matter to our service. Our investigator upheld his complaint. She says esure had been given instructions to cancel the renewal, which it had confirmed. The policy was then transferred into Mr C's son's name, and payment provided by card over the phone. She thought esure was at fault for failing to cancel Mr C's renewal and had then cancelled his son's policy in error.

To resolve the complaint our investigator says esure should refund the additional cost of the premium Mr C paid to replace the policy esure had cancelled. In addition to paying £150 compensation for the distress and inconvenience caused. She says esure should confirm there is no cancellation marker against either Mr C's original policy or the policy requested for his son.

Mr C agreed with this outcome, but esure didn't. It says Mr C didn't pay the renewal premium, so it followed its process correctly and the policy was cancelled. Because it disagreed, esure asked for an ombudsman to consider the complaint.

It has been passed to me 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.

Having done so I'm upholding Mr C's complaint. Let me explain.

I've listened the call recordings esure supplied. The first call is on 11 April 2022. In this call it's explained to esure that the policy isn't to be renewed, which was due to happen the following day. The discussion then turns to proof of no claims, which Mr C needed to provide to another insurer. The call handler confirms that the policy is due to end tomorrow and the renewal will be cancelled right away. By the end of the call it's confirmed that the proof of no claims has been sent via email.

I think it's clear that instructions were given for the policy to be cancelled prior to the renewal date. esure failed to carry out this instruction. I acknowledge its comments that a card payment was requested just prior to the renewal and this failed. But I don't think this is of relevance. Contact was made by phone before the renewal date and instructions were given to cancel the renewal. esure confirmed the renewal had been cancelled.

I can see that further communication was sent by esure, which resulted in another call from Mr C to clarify the status of the policy. Three call recordings have been provided from 18 April 2022. The first is to transfer the call to the correct team. It's then explained to esure's agent about the cancellation instruction. esure's agent explains the policy is still in the renewal stage awaiting a payment. The agent is asked if the policy could be amended to have the policyholder's son as the main driver and how much this would this cost.

esure's agent provides a quote having made changes to the policy. This includes the son as the main driver, an increase in the mileage, and business use added. It's explained to esure's agent that the son's existing policy will need to be cancelled first, and confirmation will then be provided that the policy can be agreed.

During the final call on 18 April 2022 the agent goes through another quote, which is agreed. Card payment details were provided and esure's agent confirms that the payment was successful.

I note esure says the policy was cancelled on 20 April 2022 as no payment had been made for the remainder of the premium that was due. This conflicts with the information esure's agent gave over the phone, which is that the payment had been successful. Its records indicate it called Mr C on 28 April to, "*obtain renewal premium*". There was no answer. But there was no renewal. A new policy had been set up for Mr C's son and the annual premium had been paid by card over the phone.

We asked esure for the policy details created on 18 April 2022 following the calls discussed. It says it's checked its records and found no policy for Mr C's son as the main driver.

Based on this evidence I think esure is at fault for not cancelling Mr C's policy. It also failed to set up the policy for Mr C's son. This should've commenced on 19 April 2022. The premium was confirmed as £355.07 and paid for over the phone. This wasn't put in force.

I've thought about the impact this had on Mr C. He lost the use of his car for a period of two weeks as his son needed a car urgently in relation to his job. He explains how it was only discovered that insurance wasn't in place on the day his son was due to drive a long

distance for an important work visit. He says esure didn't offer any options to provide cover when contact was made to try and resolve the situation. Because of this he says cover had to be sought elsewhere and this cost more than esure quoted.

I acknowledge esure's response to our investigator's view in which it emphasises Mr C's renewal premium was never paid. I agree it wasn't paid. But this misses the point. The renewal was cancelled. This happened before the renewal date and another policy was set up for Mr C's son. esure failed to act on both instructions, which meant Mr C was forced to pay a higher premium for his son's policy with another insurer. I agree with our investigator that it's fair esure pays this additional cost for £356.71. In addition, this matter has caused inconvenience and distress for Mr C. I think it's reasonable that esure pays him £150 compensation to acknowledge the impact this had.

### **My final decision**

My final decision is that I uphold this complaint. esure Insurance Limited should:

- pay Mr C £356.71 to refund the additional cost of the new premium; and
- pay £150 compensation to Mr C for the distress and inconvenience it caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 17 January 2023.

Mike Waldron  
**Ombudsman**