

The complaint

Mrs H complains that esure Insurance Limited wouldn't renew her motor insurance policy following a minor accident.

What happened

Mrs H's policy was due for renewal with esure. Unfortunately, Mrs H had a minor accident and she reported this to esure and on the same day she renewed her policy which was due to begin four days later. But esure decided Mrs H no longer met its acceptance criteria and it declined to renew the policy. esure wrote to Mrs H to tell her this but she didn't receive its letter until after the renewal date.

Our Investigator recommended that the complaint should be upheld in part. She thought esure was entitled to decide not to renew Mrs H's policy. This was because the new claim in the policy year meant that she no longer met its acceptance criteria. But she thought esure should have given Mrs H seven days' notice of the cancellation of the renewal. And she recommended that esure should pay Mrs H £75 compensation for the trouble and upset this had caused her.

esure didn't respond to the Investigator's view, so the complaint has come to me for a final decision.

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.

esure told Mrs H that because of the claim she had reported, it wouldn't be able to continue with her insurance as she no longer met its underwriting criteria for acceptance. And I think it's for esure to decide what risks it's prepared to insure, so I can't say that this was unfair or unreasonable.

But Mrs H had already renewed her insurance and I can see that her new policy schedule is dated a day after she called esure to renew, but three days before the start date. So I think Mrs H could reasonably expect that her new cover was in place.

esure then reviewed the terms in light of the new claim. And it wrote to tell Mrs H that it couldn't continue to insure her two days later.

Mrs H's policy states on page 27 of the policy booklet,

"We have the right to cancel your policy at any time by giving you seven days' notice in writing where there is a valid reason for doing so. We will send our cancellation notice to the latest contact details we have for you and will set out the reason for cancellation."

But esure gave Mrs H just two days' notice that her renewal had been cancelled. So I think this wasn't in keeping with the policy's terms and conditions. And Mrs H has told us that she was driving uninsured before she received this letter.

This service believes that insurers should take reasonable steps to ensure that policy holders are told that their policy has been cancelled as this will have serious consequences

for them and expose them to possible court action. And we also think it's good practice to inform consumers about pending cancellations by more than one means.

Mrs H has told us that esure had her email address, so it could have emailed her. This would then have given Mrs H some warning about the pending cancellation and time to find alternative cover elsewhere before her old policy ended. So I think that it wasn't fair or reasonable for esure to send Mrs H just a letter notifying her of the cancellation.

Our Investigator thought esure should pay Mrs H £75 compensation for the trouble and upset caused by its level of service. I think that's fair and reasonable as it's in keeping with our published guidance for the impact the errors had.

Putting things right

I require esure Insurance Limited to pay Mrs H £75 compensation for the distress and inconvenience caused by its level of service.

My final decision

For the reasons given above, my final decision is that I uphold this complaint in part. I require esure Insurance Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 15 March 2023.

Phillip Berechree
Ombudsman