

The complaint

Mr D has complained about the way esure Insurance Limited trading as Sheilas' Wheels administered his car insurance policy.

What happened

Mr D bought a car insurance policy with esure in April 2022. He set up a Direct Debit Instruction (DDI) to pay for the policy in monthly instalments under a credit agreement.

esure wasn't able to set up the DDI as its systems wouldn't allow it. This was because the sort code for the account was for a branch of Mr D's bank that had closed.

Mr D raised a complaint. He said other organisations had no issue with DDI payments under his account - only esure.

In July 2022 esure said it would work to resolve the issue internally but in the meantime it gave Mr D the option to either set up a DDI under another account, pay the premium by credit card, or pay manually every month by debit card.

For the inconvenience caused to Mr D, esure apologised and paid him £75 compensation.

Mr D remained unhappy and asked us to look at things for him. He wasn't satisfied that esure had done enough to resolve his complaint. Mr D wanted esure to send him a reminder ahead of the monthly premium due date. He said the letters esure sent him after the premium became due caused him stress as it warned of the possibility of his credit score being affected.

esure has assured this service that there has been no negative impact on Mr D's credit score.

Our Investigator explained that we couldn't ask esure to change its systems to allow it to set up the DDI as Mr D wanted - or insist it sent Mr D reminders ahead of the monthly premium. The Investigator asked esure if the latter was possible - but it said it had no facility to enable it to do this.

The Investigator understood that receiving letters from esure after the monthly premium became due may have been upsetting. But she also considered that it was right for esure to fully explain the situation and next steps if Mr D didn't pay the premium promptly. And she explained that ultimately the duty to ensure payments are made on time rests with Mr D as the policyholder.

Even so, the Investigator thought esure should pay Mr D a further £100 compensation for the distress and inconvenience it caused.

esure didn't reply. Mr D didn't accept the Investigator's view. He said the issue has been going on for almost a year, yet esure hasn't resolved it. He doesn't think it unreasonable for esure to send him alerts ahead of the premium due rather than send him threatening letters as soon as the premium is overdue. He says he paid the balance due by credit card and had to pay additional fees as a result.

Mr D isn't satisfied that esure has shown any evidence of its attempts to resolve the issue. He said the compensation isn't enough to reflect the stress, anxiety and worry of potential consequences he has faced over almost a year.

So Mr D wants an ombudsman 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.

I can understand Mr D's frustration with the administration of his policy by esure. From its notes provided to us, it made internal enquiries as to why its system couldn't process the DDI. esure told us that because its system recognised the sort code was for a closed branch of Mr D's bank, it wouldn't allow it to set up the DDI. While I appreciate this isn't ideal, it isn't something I can force esure to be able to override, if it has explained this isn't possible.

So I've looked at what esure did instead. And I think its offer of alternative options was overall fair in the circumstances. When Mr D set up the policy, he agreed to ensure it was paid for. And so I don't think it was unreasonable for Mr D to have put in place his own reminder to pay the premium each month once esure explained what the limits were on collecting premiums by DDI for this account. Provided Mr D made payments on time, this would have prevented overdue reminder letters being sent to Mr D and prevented the anxiety and stress they caused him.

But I also think as a business esure - through no fault of Mr D's - has made the repayment of premiums under the policy more problematic than it should have been. And I've seen no evidence of any further attempts by esure to resolve the issue since July 2022.

Mr D explained that it wasn't possible to set up a DDI under another bank account. And he's told us he has incurred charges by deciding to pay the balance off by credit card after receiving a further overdue premium reminder in January 2023. In this letter, esure asked Mr D to pay the balance of the premium in full as he had previously been late making payments.

I can understand his worry when he received letters from UKI warning of the consequences of not paying on time, before it offered alternative options, when he had provided correct bank details for esure to collect the monthly payment due.

Overall I think a fair outcome is for esure to increase the compensation it paid to a total of £175. I understand Mr D will be disappointed. But I think this sum is fair and in line with awards we give in similar cases - to reflect the distress and inconvenience and impact of his complaint.

My final decision

My final decision is that I uphold this complaint in part. I require esure Insurance Limited trading as Sheilas' Wheels to pay Mr D £100 compensation in addition to the £75 it's already paid for the distress and inconvenience caused by its administration of the policy.

esure Insurance Limited trading as Sheilas' Wheels must pay the compensation within 28 days of the date on which we tell it Mr D accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or

reject my decision before 10 April 2023.

Geraldine Newbold
Ombudsman