

The complaint

Mr S and Mrs B complain about esure Insurance Limited's (esure) settled a claim made under their contents policy.

What happened

Mr S and Mrs B made a claim under their contents policy. The claim was accepted and in August 2022 the settlement was agreed. esure said it would send two separate cheques, one for £1,000 and one for £3,375.

The cheque for £1,000 arrived but the cheque for £3,375 didn't. Mr S and Mrs B say they were told they had to wait until mid-September to declare the cheque as missing. Mr S says he called esure and asked they transfer the money directly to his account or send a replacement cheque by recorded delivery. A replacement cheque was sent, but not by recorded delivery. By the end of October, Mr S and Mrs B still hadn't received the cheque. The continued to contact esure and then were told the cheque had been cashed.

Mr S and Mrs B say they provided esure with a letter from their bank confirming they hadn't cashed a cheque for £3,375. Over the next couple of months, they continued to contact esure to find out what was happening to replace the cheque. At the end of December, a new complaint handler arranged to transfer the missing funds to their account, along with £100 compensation.

Mr S and Mrs B complained. esure said its general policy was to send settlements by cheque, but that they had agreed to make the payment again, despite an investigation being ongoing to determine who had cashed the missing cheque.

Unhappy with esures' response, Mr S and Mrs B referred their complaint to this service. It was considered by one of our investigators who said while what happened with the cheques were outside of Mr S and Mrs B's control, it wasn't fair to pass on the financial loss to them. She said esure should pay 8% simple interest on the missing payment from the date the second cheque was sent until the date of the bank transfer in December, and a total compensation payment of £150. esure didn't agree with this, so the case has been passed to me.

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.

esures' main argument for not accepting the conclusions reached by our investigator were because it interpreted her as saying it should have made the bank transfer before it was clear which account the missing cheque had been paid into, and whether it was clear esure was going to receive a refund.

However, I don't think that's the argument our investigator put forward. She concluded there wasn't a reasonable explanation for delaying reimbursing the missing payment of £3,375 by

bank transfer when it became clear the first cheque had gone missing. And I'm inclined to agree with her.

I consider esure delayed settling the claim. From the notes provided, it was mid-November when esure received confirmation the missing cheque had been paid into an account that wasn't linked to Mr S or Mrs B. esure said it wanted to receive a refund before paying Mr S and Mrs B. I don't think it was fair for Mr S and Mrs B to have to wait for a third-party bank (who was unrelated to their contents policy) to act before their claim could be settled. I don't consider there has been a reasonable explanation for why the claim settlement wasn't made at this point. Instead, it was later in December before the bank transfer took place.

esure isn't responsible for either cheque going missing. However, I don't think it's fair esure made Mr S and Mrs B wait until it was certain it was going to receive a refund from the third-party bank before settling this claim. The insurance contract was between esure and Mr S and Mrs B, the actions of the third-party bank were unrelated.

Mr S and Mrs B say esure asked them to wait for a total of six weeks before sending the replacement cheque. Given there were wider issues with the postal service which could have been the reason for the delay in the first cheque being delivered, I consider this was as long as it was reasonable to wait before sending the replacement payment. And at that point, given the ongoing wider postal issues, I agree it would have been reasonable for esure to have arranged a bank transfer rather than sending another cheque.

I note it's not the case esure is unable to settle claims by bank transfer – it's just not its preference to do so. Given the time that had passed between the cheque for £1,000 being received and the replacement cheque for £3,375 being sent, I consider Mr S' request for a bank transfer was reasonable in the circumstances.

It's with these conclusions in mind that I've reached the same outcome as our investigator. I'm satisfied in the circumstances of this complaint it would have been reasonable for esure to arrange a bank transfer instead of sending the second cheque. Not doing so caused Mr S and Mrs B a financial loss as they did not have access to the claim settlement agreed with esure. I'm persuaded a fair settlement in these circumstances is for esure to pay 8% simple interest on £3,375 from the date the second cheque was sent until the date it transferred the money.

In addition to this, it's clear this issue caused Mr S and Mrs B considerable worry. They made frequent contact with esure to try and get an update on the funds. They said they were unable to replace the missing contents without the funds from esure. To compensate them for the distress and inconvenience they experienced, esure should compensate them with a total payment of £150, less anything already paid.

My final decision

I uphold this complaint. To put things right I require esure Insurance Limited to:

- Pay 8% simple interest* on £3,375 from the date the second cheque was issued until the date of settlement.
- Pay a total compensation payment of £150 (less anything that's already been paid).
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*If esure Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from any interest paid, it should tell Mr S and Mrs B how much it's taken off. If requested, esure should also provide Mr S and Mrs B with a certificate showing the amount deducted, so they can reclaim it from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs B to accept or reject my decision before 24 April 2023.

Emma Hawkins

Ombudsman