

## The complaint

Mrs D complains that esure Insurance Limited mis-sold her a motor insurance policy and continued to take her premiums after she had cancelled her policy.

## What happened

Mrs D took out a new policy with esure in March 2022 and the agent told her that she could add her son to the policy when he obtained his provisional driving licence. But in May 2022 Mrs D found that this wasn't correct. And Mrs D had to take out a policy with another insurer to add her son to the policy. Mrs D was unhappy with the incorrect information she had been given.

In June 2022, esure apologised and it paid Mrs D £50 compensation for giving her incorrect information. It said it would waive the cancellation fee if Mrs D wanted to cancel her policy. Mrs D noted in September 2022 that she was still paying monthly premiums. She thought she'd told esure to cancel the policy immediately. She said she paid £155.40 premiums for a further five months after she had cover elsewhere. esure said Mrs D hadn't asked to cancel the policy.

Our Investigator recommended that the complaint should be upheld in part. He felt Mrs D hadn't told esure that she wanted to cancel the policy in May 2022. And so he thought it had correctly continued to take the premiums and, as cover was provided, it didn't need to return this amount. But he thought esure should pay Mrs D £100 further compensation for causing her avoidable distress and inconvenience when it gave her incorrect information.

Mrs D thought she'd made it clear to esure in May 2022 that she wanted to cancel her policy. esure replied that the matter had caused Mrs D minimal inconvenience. It thought further compensation would be excessive. It said it had later waived the £35 cancellation fee. esure asked for an Ombudsman's review, 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.

Mrs D said she believed that she had told esure to cancel the policy in May 2022. In the call, the agent said that all he could do was cancel the policy, but the premiums already paid wouldn't be refunded. Mrs D wanted this looked into. She wanted to see if her son could be added to the policy. She wasn't happy with just a cancellation. She also wanted a refund of what she had paid. So I'm not persuaded that Mrs D then made it clear to esure that she wanted to cancel her policy.

esure then investigated Mrs D's complaint. In its response, seven weeks later, it said:

*"If you decide to cancel your policy with us you will not be charged any cancellation fees, and you will be entitled to a pro-rata refund for the remainder of your policy term."*

Mrs D said she didn't take this in at the time. She said she already had new cover elsewhere and thought her policy had been cancelled. So Mrs D didn't then cancel her policy and it ran for a further three months before she noticed the direct debits leaving her account.

I can understand that Mrs D felt frustrated by this. But, as she hadn't made it clear to esure that she wanted to cancel her policy, and esure was liable for any claims in the meantime, I can't reasonably ask it to refund her premiums. Our usual approach where consumers are dual insured is to ask the insurers to each refund 50% of the premiums paid as they would be liable for 50% of any claims. But this doesn't apply in this case as the second policy included Mrs D and her son, and so I can't compare them as Mrs D's son wasn't dual insured.

esure did accept that it had given Mrs D incorrect information when she bought the policy. When a business makes a mistake, as esure accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

But for the mistake, Mrs D wouldn't have taken out her policy with esure. So Mrs D then wouldn't have had the trouble and upset of having to find a further policy, she wouldn't have been liable for esure's cancellation fee, she wouldn't have had to pay double insurance for five months, and she wouldn't have had to pursue her complaint. So I think esure's error caused Mrs D avoidable losses and it should put this right.

esure later cancelled the policy and waived its £35 cancellation fee. esure said this, and £50 compensation was sufficient redress for its mistake in giving Mrs D incorrect information about adding her son to the policy.

But I don't agree. I think the cancellation and waiving of the fee restores Mrs D's position. But I think £50 compensation isn't sufficient for the impact the error had on Mrs D at a difficult time. Our Investigator recommended that esure should pay Mrs D £100 more to reflect the impact of its error. I'm satisfied that this would be in keeping with our published guidance, and so I think this would be fair and reasonable.

### **Putting things right**

I require esure Insurance Limited to pay Mrs D £100 more for the distress and inconvenience caused her by its incorrect information.

### **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 D to accept or reject my decision before 7 July 2023.

Phillip Berechree  
**Ombudsman**