

The complaint

Miss J has complained about the lack of updates she received from esure Insurance Limited when she made a claim under her car insurance policy.

What happened

Miss J was unfortunately involved in an incident in October 2021 which wasn't her fault. She made a claim to her insurer, esure. esure passed Miss J's details to a credit hire company (CHC). Miss J was unhappy with her dealings with the CHC and the approved repairer (AR). Miss J made her own arrangements for a hire car for a few days before having a hire car through the CHC. She said she had to do this because the AR wouldn't provide her with a courtesy car in time and she needed a car to travel to work.

In April 2022 Miss J complained to esure. She said she hadn't received any update about her claim since October 2021. She wanted esure to refund the excess she paid when her car was repaired. Miss J said it took days for a hire car to be arranged and so she had to pay for a replacement car in the interim. Miss J wanted to know if esure would cover these costs.

Miss J said the CHC had confirmed to her in November 2021 that the Third Party Insurer (TPI) had admitted liability for the incident. She provided esure with a copy of a letter from the CHC confirming this. She wanted to know why esure said it hadn't yet received admittance of liability from the TPI.

In May 2022 esure upheld Miss J's complaint. It said it had failed to provide updates and progress her claim. It explained that it hadn't yet received admittance of liability from the TPI, that the CHC was a separate business, and that it explained to Miss J in October 2021 that hire car costs are an uninsured loss

esure said it would pass the car hire costs Miss J had paid to be considered under the motor legal protection part of her policy. And it said it would include the costs in its outlay to the TPI, but couldn't guarantee they would be recovered.

esure explained that the excess would be included in the outlay, and when recovered from the TPI would be refunded. But as a goodwill gesture, due to its poor service, it agreed to refund the excess to Miss J in May 2022.

For the distress and inconvenience caused by its poor service, it paid Miss J £150 compensation, in addition to refunding the excess

Miss J remained unhappy and so she asked us to look at her complaint.

Our Investigator thought esure had done enough to put things right. Miss J didn't agree. In summary she wants a more detailed response to her concerns about the way her claim was handled by esure. She says the compensation esure paid doesn't reflect the distress and upset and the time she has spent setting out her complaint. Miss J says she was never offered a courtesy car by the AR. So the only option esure gave her was to use a CHC.

I issued a provisional decision on 21 March 2023. I thought esure should increase the compensation it paid Miss J by a further £150 for failing to include the car hire costs in its outlay - as it said it would - to resolve Miss J's complaint.

Both parties replied to my provisional decision. esure confirmed it hadn't included the car hire costs in its outlay to recover from the TPI. It agreed to pay Miss J an additional £150 compensation for this. esure didn't reply to my provisional decision.

Miss J replied to say she intended to send further information. As the time has passed to provide new information, the case has been passed back 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.

I understand that being involved in an accident is an upsetting experience. Having to make a claim will inevitably cause some disruption to our daily lives.

I've looked at esure's handling of Miss J's claim in its role as the insurer. When things go wrong, we look at what the impact was and what an insurer did to put things right.

There's no dispute that esure provided a poor service between November 2021 and May 2022 when Miss J complained. I can understand her frustration as she hadn't received any updates from esure. And the CHC advised her in November 2021 that the TPI had admitted liability.

It's not for this service to establish why an insurer failed to properly deal with a claim - which I understand Miss J wants to know - but to look at whether an insurer has acted reasonably when responding to the complaint.

I can only consider issues Miss J raised up until esure responded to her complaint on 31 May 2022.

Miss J's policy explains the following about its courtesy car service:

"A courtesy car is provided whilst your car is being repaired by the recommended repairer as part of a valid claim, as long as you have a comprehensive policy which remains in force for the duration of repairs. We aim to provide a courtesy car to you within two working days."

"A courtesy car is not available if your car has been stolen and not found, or considered to be a total loss. If we decide that your car is a total loss after providing the courtesy car, it will be withdrawn."

From listening to the key calls provided by esure, the agent explained that a courtesy car wouldn't immediately be available as the AR would take a couple of days to decide whether the car was a total loss. This is in line with the policy wording.

As Miss J wanted a replacement car sooner than that, the option to obtain a hire car through a CHC was offered to Miss J. But Miss J was unhappy with the terms and conditions and the wait time in calls to the CHC.

Miss J says the AR told her it wouldn't offer a courtesy car as she was entitled to claim for a hire car through a CHC - as she wasn't at fault for the incident. esure said the AR shouldn't have told Miss J that.

While I can't verify what was discussed between Miss J and the AR, I've no reason not to believe Miss J. But this doesn't change the fact that Miss J wanted a courtesy car sooner than esure's policy provided cover for. So I don't think esure acted unreasonably in explaining the options to Miss J. I can't make a finding on the service Miss J received from the CHC as it is a separate business with its own terms and conditions.

Miss J's policy with esure explains that the excess is *"the amount you must pay towards any claim for loss or damage to your car or other specified instances of damage or loss"* Under any claim, the excess is payable irrespective of liability as the first part of the claim. Sometimes if liability is accepted early on, an insurer may agree to waive the excess. But it doesn't have to. Even where liability is admitted, it isn't unusual for an insurer to refund the excess until it has recovered all of the claim costs from the TPI.

Due to esure's poor service, it agreed to refund Miss J's excess to her before it had recovered costs from the TPI. I appreciate this was still approximately six months after the incident. How long a claim takes to settle when liability is disputed can vary widely depending on the issues involved, when costs are available to layout to a TPI, and how proactive both insurers are. I think this was a reasonable outcome for esure to reach in light of its poor handling of the claim up from November 2021 to May 2022.

esure said in response to Miss J's complaint:

"Having reviewed your file, I do agree our Claims Department could have been more pro-active in approaching the third party insurer (TPI) for our costs back. With that said, I was pleased to see they reimbursed your excess and have agreed to keep you updated when they hear back from the TPI."

"In relation to your hire costs, they are an uninsured loss and I can see the Claims Department explained this to you in October last year. As you've got Motor Legal Protection included with your policy, I've asked the Claims Department to include your hire costs with our outlay, but it will be the TPI's decision as to whether or not they agree to pay your costs."

In response to my provisional decision, esure has confirmed it failed to include the car hire costs Miss J had paid in its outlay to the TPI. The claim has been settled - but Miss J hasn't received a refund or an update from esure about these costs. I think this is unreasonable as esure said it would include these costs in its recovery outlay to the TPI - but it didn't.

I cannot safely conclude that - if esure had included these costs - the TPI would have agreed to cover them. But I think esure should pay an additional compensation award for failing to include them - as Miss J reasonably expected an update on the outcome of the inclusion of the costs as promised.

From what I've seen, I think esure should pay an additional £150 compensation to Miss J for failing to include the car hire costs in its outlay as it said it would to resolve Miss J's complaint.

My final decision

My final decision is that I uphold this complaint in part. I require esure Insurance Limited to pay Miss J £150 compensation for the distress and inconvenience caused by failing to

include car hire costs in its recovery outlay to the TPI as agreed. This is in addition to the £150 compensation it's already paid.

esure Insurance Limited must pay the compensation within 28 days of the date on which we tell it Miss J 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 Miss J to accept or reject my decision before 16 May 2023.

Geraldine Newbold
Ombudsman