

The complaint

Mr M complains esure Insurance Limited (esure) gave a poor level of service after it incorrectly issued a refund of a cancelled motor insurance policy.

What happened

Mr M obtained a renewal quote for a motor insurance policy with esure. He accepted the quote, but shortly after found a policy with another insurer that he found more suitable for his needs.

Mr M contacted esure to cancel the policy renewal. As it was cancelled within the 14-day cooling off period as per terms and conditions of the policy, a full refund was due. The esure advisor said the policy premium had not yet been collected, but in error refunded the total cost of the policy to Mr M.

When it noticed its error esure contacted Mr M and requested he return the incorrectly refunded amount and gave a deadline.

Mr M asked for an extension to the deadline due to changing his bank but esure passed the collection of the funds to its debt collection agency before its own deadline.

Mr M was unhappy this had been passed on to a debt collection agency and said he was worried it could affect his credit rating.

esure accepted its error and apologised for the service received. It said the repayment made in error was still due to be repaid by Mr M. It offered £80 as a goodwill gesture for the inconvenience caused and as an apology .

As Mr M was not happy with esure, he brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and said it was unfair for esure to pass the outstanding amount on to a debt recovery agency before the time Mr M had said he could make the repayment. They said esure should remove any records it held of a debt and increase the compensation amount to £150.

Initially Mr M accepted this view and esure rejected it due to the amount of compensation. After consideration esure agreed to pay the £150 suggested by our investigator. However Mr M did not make the repayment of the incorrectly refunded premium and said he thought our investigator's view meant he did not have to pay back the refund amount.

As Mr M is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

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 have seen esure did not dispute it made mistakes in this case. It acknowledged it processed the refund in error and it should have given Mr M more time to repay the amount owing before transferring the debt to its debt recovery agency.

I can understand that transferring this matter to a debt collection agency will have caused Mr M some worry that his credit record may be affected by the actions taken.

I think esure transferred the debt to a credit agency sooner than it was necessary and before it gave Mr M enough opportunity to pay it back. Because of this I agree esure should remove any reference to this debt from Mr M's credit record and also compensate him with £150 as an apology for the worry caused by its actions.

Mr M should repay esure the amount refunded in error which is £191.21.

I have seen that after our investigator issued their view, esure confirmed it had updated Mr M's credit record accordingly and paid him £150 in compensation.

Mr M said he has not returned the amount refunded in error because he did not agree to this, and it was not clear in our investigator's view.

I accept Mr M said he misunderstood our investigator's view. Therefore, for clarity in my decision, I require Mr M to repay the £191.21 refunded to him in error back to esure. I think 28 days is fair time for him to complete this.

If Mr M does not return the outstanding amount of £191.21 to esure he will be in debt to it. esure will be able to pursue the debt through its business process of collecting monies owed.

As esure has already updated Mr M's credit record and paid him £150 in compensation I don't require it to do anything further in this complaint.

Mr M should return the amount of £191.21 to esure.

My final decision

For the reasons I have given I don't uphold this complaint.

Mr M should return the amount of £191.21 to esure Insurance Limited within 28 days of issue of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 August 2023.

Sally-Ann Harding
Ombudsman