

## **The complaint**

Miss C complains about esure Insurance Limited's (esure) handling of her motor insurance policy, including the cost of a third-party's claim and cancellation of her cover in error.

## **What happened**

Miss C was involved in a minor collision when driving. She was at fault but doesn't think the amount esure paid to settle the third-party's claim is justified. Miss C says the damage to the third-party's vehicle was only slight.

Miss C was also concerned about the increase in her renewal premium, and that esure collected this three days early. She says esure decided to cancel her policy when she hadn't instructed it to. This meant she had to find alternative cover at very short notice. Miss C says the new policy cost more than her policy with esure.

In its final complaint response esure says Miss C's renewal documentation advised her that payment would be requested three days in advance. It says this is to allow the bank time to process it in time for the due date. It says it cancelled Miss C's policy and returned her premium in full, based on her email about refunding the premium.

esure says Miss C's no claims bonus wasn't impacted by the claim as it was protected. It arranged for her cover to be extended to allow her more time to arrange alternative insurance. It also offered £25 compensation for the time she spent waiting on the phone.

esure told Miss C its engineers had assessed the third-party's claim. It says the costs were thought to be reasonable based on the evidence. However, esure offered a further £50 compensation for the below standard service Miss C had received.

Miss C didn't think this was fair and referred the matter to our service. Our investigator upheld her complaint. She didn't think esure had acted unfairly when settling the third-party claim or when increasing Miss C's premium at her renewal. However, she didn't think it had treated her fairly when cancelling her policy, as Miss C had made clear she wanted to discuss the matter.

Our investigator says to put this right esure should pay £150 for the inconvenience it caused. It should also refund the difference in cost between the new policy and Miss C's cancelled policy.

esure didn't think this was a fair outcome and asked for an ombudsman to consider the matter.

It has been passed 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.

Having done so I'm upholding Miss C's complaint in part. Let me explain.

#### *Claim costs*

I've read the information provided by esure's engineers relating to the third-party's repair costs. I can see that this information was emailed to Miss C. It says:

*"After reviewing the file and attached PHV image, PH video footage taken at the scene and TPR images/estimate/engineers report & comparing against the claim circ's, Although I consider the TPV damage is consistent with the circumstances under notice and PHV damage to the LH front bumper, wing and headlamp the costs cannot be approved in full.*

*The TPR have generated and approved duplicated costs for the pre-repair diagnostics check as the Audatex estimating system automatically generates a labour time allowance for this and the TPR have approved duplicated specialists costs for the same. On this basis I would recommend the TPV Repair Account is approved at £2647.74 (invoice cost of £2701.74 less £54.00 for the duplicated specialist cost claimed) in this claim. Based on the TP labour hours to complete the repairs, I would estimate the repair duration to be 3-4 days."*

I acknowledge Miss C's view that there was very little damage caused to the third-party's car. But the engineer's notes show a detailed assessment of damage and associated repair costs was carried out. The full extent of the damage caused by an accident may not be immediately obvious at the scene. I'm satisfied esure's engineers took reasonable steps to validate the costs claimed. So, I don't think esure treated Miss C unfairly in how it settled the third-party's claim.

#### *Renewal premium*

Miss C doesn't think it was justified that esure increased her premium from around £160 up to £297.88 at renewal.

esure told Miss C that as her no-claims bonus was protected she hadn't lost any of the years she'd had in place prior to the claim. However, in its submission to our service it explains that a fault claim will still have an impact when calculating risk and the level at which a premium is set.

esure has provided underwriting information relevant to its calculations for Miss C's renewal premium. This information is considered commercially sensitive so I can't share it. But it does explain the risk factors esure's underwriters considered. Having considered this evidence I don't think it's been shown that Miss C was treated differently than any other customer would be, in the same circumstances.

#### *Cancellation and premium collection*

Miss C emailed esure on 26 December 2022. This was the evening after it had taken £297.88 to pay for her annual premium. She queried why it had taken the money three days early and why the premium had increased to nearly £300. Miss C said she had no intention of paying this amount and asks for the money to be refunded. She refers to this having been "stolen" without her permission.

esure points to the renewal letter Miss C was sent dated 28 November 2022. I can see that under the heading, "What you need to do now" the letter says:

*"Happy with your quote? – We'll collect your payment 3 days before your renewal date".*

The letter says the policy is due to renew on 28 December 2022. The premium was collected on 26 December. Based on this evidence, esure didn't behave unfairly in collecting the premium when it did.

I've thought about whether esure behaved fairly when cancelling Miss C's policy. I don't think it did. I say this because esure responded to Miss C's email on 28 December 2022 to say the matter had been referred to a manager. The next day a further email was sent to Miss C saying esure had tried to ring her. Miss C responded later that day to say she was free to discuss the matter on either 1 or 2 January 2023.

Less than an hour later esure emailed Miss C to say that in order to minimise any delays it had acted to cancel her policy and refund her premium. Miss C responded around an hour later to say she didn't want to cancel the policy. esure sent her an email the next day apologising and offering £25 compensation.

Having read the emails, I can't see that Miss C asked for her policy to be cancelled. esure's agent assumed this is what she wanted. But Miss C had said she wanted to discuss the matter. She had said that she was free for a call on 1 or 2 January 2023 in order to do so. She also explains that she was working late shifts, so this was the first convenient time she had available to discuss the matter. I don't think it was reasonable for esure to cancel Miss C's policy based on this email exchange.

Miss C explains that she had to search for a replacement insurance policy after her work shift ended. This was necessary as she couldn't legally drive home without it. I can understand that this must have been frustrating for her. This also came at an increased cost.

In these circumstances I agree with our investigator that esure should pay Miss C £150 compensation for the frustration and inconvenience it caused. This is separate to the £75 payment it offered for the time she had spent waiting on the phone. esure should pay this amount if it hasn't yet done so. It should also pay the difference in cost between Miss C's renewal premium and the cost of the replacement policy she obtained. As our investigator explained, it's fair that this is subject to proof that the policies provide similar cover and benefits.

In summary I don't think esure treated Miss C unfairly in its handling of the third-party's claim, her renewal premium or when it collected the payment. But I don't think it treated her fairly when cancelling her policy. To put this right it should pay her £150 compensation and pay the difference in cost between the renewal premium and the cost of the new policy.

### **My final decision**

My final decision is that I uphold this complaint in part. esure Insurance Limited should now:

- pay Miss C £150 compensation for the frustration and inconvenience it caused; and
- pay the difference between the renewal quote and the replacement insurance policy, on receipt of proof that the policies provide similar cover and benefits.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 16 November 2023.

Mike Waldron  
**Ombudsman**