

The complaint

Mr B complains that esure Insurance Limited cancelled his motor insurance policy by accident. He wants £1,500 compensation for the trouble and upset this caused.

What happened

Mr B was stopped by the police for driving whilst uninsured. He bought temporary cover for £30 and esure later provided him with a letter of indemnity and £250 compensation for his trouble and upset. But the police issued Mr B with a fine and penalty points. And it took a month for him to sort this out. He thought esure's compensation was insufficient.

Our Investigator recommended that the complaint should be upheld. He thought esure had promptly issued the indemnity letter. But he thought its offer of compensation was insufficient for the disruption, stress and worry caused for over a month. He thought it should increase its compensation offer by £150 and reimburse Mr B £30 with interest for the cost of the temporary policy.

esure replied that it had offered £50 to cover the cost of the temporary policy, but Mr B had declined this. And it had increased its offer to £250, including the £30. So it thought it need not pay interest on the £30. It also thought £400 compensation was recommended without evidence to show that it had taken Mr B a month to sort out the issue with the police.

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 can see that the mistake arose when Mr B cancelled his policy for his old car but esure's agent incorrectly cancelled that for his new car. So Mr B drove uninsured for two months before he was stopped by the police. I can see that he found this experience intimidating for himself and his family. But I can't reasonably hold esure responsible for the police's actions. But esure has agreed that the wrong policy was cancelled by its mistake.

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.

I can see that esure provided Mr B with a letter of indemnity the day after he notified it about the police stop. I think this was a prompt response. Mr B was able to send this to the police and the investigation was halted after the police had checked this with esure. Mr B had to pay £30 for temporary cover. But for esure's error he wouldn't have incurred this expense. And so I think esure should reasonably refund this amount.

esure also offered Mr B £250 compensation in total. We think that being stopped by the police is a serious matter and it caused Mr B significant upset. And we think that £250 compensation for this is fair and reasonable. But Mr B also received notification of a fine and penalty points. This caused him further avoidable worry and stress. And it took over a month for the police to email him to say that the matter had been dropped.

esure thought the month taken to resolve matters with the police was due to Mr B sending in its letter late. But I don't agree. I can see that Mr B forwarded esure's letter to the police two

days after he received it. But Mr B had to send the letter again as a different department was then dealing with the matter. So it took a further month for the police to tell Mr B that it wouldn't be taking the matter any further.

So I'm not satisfied that esure's offer of £250 compensation, including the £30 refund, goes far enough in Mr B's circumstances to reflect the impact its error had. Mr B thought esure should pay him £1,500 compensation. But I don't think that's in keeping with our published guidance for redress as Mr B's car wasn't impounded, he was able to drive home, and he didn't have to attend court. I agree with the Investigator that £400 compensation in total better reflects the impact of the error and its significant impact on Mr B.

And I think that to restore Mr B's position esure should also refund him £30 for the temporary insurance. And, as Mr B has been without his money for some time, I think esure should add interest to this amount from the date of the police stop until it made its offer to reimburse this cost. Even though this is likely to be a small amount, I think that's in keeping with our approach and is fair and reasonable.

Putting things right

I require esure Insurance Limited to do the following:

1. Pay Mr B £400 in total compensation for the distress and inconvenience caused by its administration of his policy.
2. Reimburse Mr B £30 for the cost of his temporary policy, adding interest to this amount at the rate of 8% simple per annum from the date of the payment to the date it offered to reimburse this.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. 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 Mr B to accept or reject my decision before 5 December 2023.

Phillip Berechree
Ombudsman