

The complaint

Mr A is unhappy with how esure Insurance Limited have handled collection of a Direct Debit payment for a loan taken out to pay for his motor insurance policy.

What happened

I issued my provisional findings to both parties setting out why I thought Mr A's complaint should be upheld and invited both parties to provide any further submissions in reply to my provisional decision.

The background to this complaint was set out in my provisional decision together with my provisional findings. The background and my provisional findings are copied below and now form part of this final decision.

Background

Mr A arranged a motor insurance policy with esure, which started on 12 June 2022.

To pay for the insurance Mr A entered into a credit agreement with esure Insurance Limited. The agreement began on 12 June 2022, and the total payable for the insurance premium and credit was £725.66 over 12 months. The monthly payment of £60.44 (after the initial payment of £60.82) was due on the 12th day of each consecutive month.

On 12 December 2022 Mr A received a letter from esure which said the payment for December had not been made. esure said Mr A had breached the terms of the credit agreement, and said payment of £60.44 needed to be made before 14 January 2023. They also said an attempt would be made to collect the amount from Mr A's bank on or after 3 January 2023.

Amongst other things, the letter also set out that if the payment was not made, then the credit agreement would be terminated and full repayment demanded up to the date of termination (including any fees). It also said Mr A's insurance policy would cease to exist. Lastly, the letter said Mr A's account could be referred to a debt collector, and that a default could be applied.

Mr A raised a complaint with esure, and they responded on 21 January 2023 and again on 3 February 2023 to say they had done nothing wrong.

esure said their systems showed they had applied for Mr A's payment on the 9th of the month as usual, but the request was unsuccessful because Mr A's bank had rejected the payment. esure reapplied for the payment again on 31 December 2022, and it was successfully received on 3 January 2023. January's payment was successfully applied for and paid on 12 January 2023.

As Mr A was unable to reach an agreement with esure, he brought his concerns to our Service. Our Investigator reviewed Mr A's complaint and did not uphold it, mainly because esure's internal screenshots showed the payment request had been made on 9 December

2022 as usual, and that it had been declined due to a problem with the payer. So on balance, the Investigator didn't find that esure had done anything wrong.

Mr A disagreed, primarily as he had obtained information from his bank to say that the only request for a December payment from esure had been received on 20 December 2022. Mr A therefore maintained that it was esure at fault for what had happened.

A separate complaint was set up against Mr A's bank, and through that investigation further information was obtained which challenged esure's system reports. In light of this our Investigator therefore asked esure to review their position again.

On 18 April 2023 esure responded to our Investigator to say they had escalated the matter internally to their platform engineers and it came to light that due to a processing issue with a third party, esure did not apply for Mr A's December 2022 payment until 19 December 2022. esure explained because the error was with the third party, esure's own system had not updated to reflect this. esure therefore offered Mr A £150 to compensate for the inconvenience caused.

esure's offer was put to Mr A, but for a number of reasons he did not accept it.

In the circumstances, our Investigator thought esure's offer was fair and as Mr A did not accept this, the matter has come to me to decide.

Provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having reviewed all the available submissions, it seems to me that as esure have accepted the error with the payment was due to issues with their third party – and therefore not the fault of either Mr A or his bank – the matter that is now left for me to decide is whether, in the circumstances, esure's offer of £150 is fair and reasonable to recognise the trouble this has caused Mr A.

Mr A says the amount offered is not fair for a number of reasons, which I have addressed below where appropriate.

Before I set out my findings on this matter, given some of the points Mr A has raised in connection with there being a breach of contract and these events potentially affecting other customers, I think it may help to explain the scope this Service has when looking at complaints.

This Service is an alternative to the courts, so it is not for me to decide if a law has been breached. This Service is also not the regulator, so it is not for me to decide if a firm should be punished or fined, nor is it for me to interfere with a firm's systems, processes or controls. Or address any wider practices of the firm. These are matters for the regulator's consideration.

The role of this Service is to decide what is a fair and reasonable resolution in the circumstances of the individual complaint. So, in the circumstances of this complaint, is £150 fair and reasonable to reflect the impact this matter has had on Mr A?

Having reviewed all the available evidence and submissions I am minded to increase this amount to £250. I'll explain why.

It is accepted that the fault of Mr A's payment not being collected when it should have been – and when funds were available in Mr A's account – lies with esure and their agent.

However, to discover where the error had occurred took four months and Mr A approaching various parties to get to the bottom of this matter. It is disappointing that it now appears further enquiries on esure's part would more likely than not have resolved this sooner. So I think Mr A was put to added inconvenience in having to sort this out.

I've considered Mr A's suggestion that esure falsely presented their initial screenshots showing the dates they requested the payment. This is a serious allegation. On balance though, there is nothing to suggest that they have more likely than not done this. As esure have explained, the problem occurred due to a processing problem with a third-party they use as their agent to facilitate the payment request. So I can see how, initially, esure concluded they had not done anything wrong. As I've mentioned though, I think it would have been reasonable for esure to further explore the problem given Mr A's submissions and what he had been told by his bank, which could've resolved things sooner.

Mr A said his financial standing was affected due to there being a record of the missed payment on his credit file; however, Mr A has more recently confirmed that there is nothing on his credit file and esure's submissions are also that they never reported anything to the credit reference agencies. So I don't think Mr A was impacted by these events in respect of his credit file.

Mr A also mentioned to esure a potential impact on him being able to get to work and that he would have to borrow money from his partner for petrol and to cover his payment because it wasn't taken when it was supposed to be. I'm aware from Mr A's insurance documents that he did not have cover for commuting at the time, so I don't think it would be reasonable to say this impacted Mr A. And while I've also considered Mr A's points that he would have had to borrow money, I'm also mindful that the money earmarked for the esure payment had not been taken so, while I note Mr A may have thought it had been collected, arguably that money would still have been in Mr A's account and he had benefit of this.

I understand much of Mr A's submissions are that esure breached the contract with him for not requesting the payment when they had agreed to do so. Mr A also said that esure then took the December payment in January when he had asked them not to, as he'd said he would need to borrow funds and it would affect him financially.

As I've already said, I'm unable to determine if a breach of contract has occurred – that would be for the courts to decide. But in terms of what is fair and reasonable here, I would say that esure did fail to collect the payment on the agreed date, but I would also note that Mr A did have a responsibility to make his monthly payments to ensure his motor insurance was still in place, so in the circumstances I don't think it was unreasonable for esure to have re-requested the payment.

Mr A also hinted to our Service that esure should be held accountable for the cost of his bank's case fee to this Service for the complaint he had to raise about his own bank. While I understand Mr A's comment most likely stems from his frustrations with esure, I am only looking at what has happened between Mr A and esure, and Mr A cannot bring a complaint on behalf of his bank.

Overall, I'm minded to say that £250 is a fair and reasonable sum for esure to pay Mr A in recognition of the time and effort, and upset this has caused Mr A. The fault with claiming the payment was not Mr A's, and he had the required money available in his account at the time it was expected to be taken. I consider compensation of this amount is fair where the impact of a mistake (or mistakes) has caused considerable distress, upset and worry and/or

significant inconvenience and disruption. I think this describes Mr A's experience as a result of esure's errors.

Responses to my provisional decision

Mr A replied to my provisional decision to say he accepted my provisional findings.

esure also replied to my provisional decision to confirm they accepted it and would pay the £250 proposed.

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.

In light of both parties accepting my provisional decision, I see no reason to alter the conclusions set out in my provisional findings above. The error with Mr A's direct debit was not the fault of Mr A or his bank, but rather something that went wrong with esure's processing. In the circumstances I think £250 is a fair sum for esure to pay Mr A to reflect the trouble and impact this matter has caused Mr A.

Putting things right

To put things right esure Insurance Limited should pay Mr A £250.

My final decision

For the reasons above, my final decision is that Mr A's complaint is upheld and esure Insurance Limited should put things right as I've described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 31 October 2023.

Kristina Mathews
Ombudsman