

The complaint

Mr B complains about the handling of a claim under his motor insurance policy with esure Insurance Limited (esure).

References to esure in this decision include their agents.

What happened

In June 2023 Mr B contacted esure to tell them his vehicle was involved in a collision with a third party vehicle (in April 2023), causing slight damage to the front nearside of his vehicle. esure appointed their agent (C) to collect the vehicle and undertake repairs. A week later C contacted Mr B to be told the repairs would be completed within a week. C said the instruction from esure was to repair the rear wheel arch and door. But this wasn't where the accident damage had occurred. Mr B was unhappy at the confusion and esure said they would assign the repairs to a second agent (G).

G asked Mr B for the key to the vehicle as C had said no key was provided when they collected the vehicle. Mr B disputed this, as his partner had given C a key to enable them to drive the vehicle away when they collected it, but the key had apparently gone missing. G asked for a spare key and subsequently replaced the vehicle locks and keys. Mr B also had issues with hire cars, having to return one vehicle as unroadworthy.

G contacted Mr B in August 2023 to say his vehicle had been repaired and would be delivered to his home. When his vehicle was returned he found the missing key in the glovebox (where his partner had left it when collected by C). Mr B also found issues with the repairs, including a loose front wing, paint overspray on the headlamp and foglight, an alloy wheel not repaired, spilt polish in the boot and a cracked sunroof.

Mr B contacted G about the issues and was told they'd take the vehicle back to complete repairs and provide a hire car. Both C and G denied responsibility for the cracked sunroof. Unhappy at his experience, Mr B didn't renew his policy when it came up for renewal in September.

Mr G then got a call from an esure engineer saying his vehicle had been deemed beyond economical repair and offering £3,500 for the vehicle (or Mr G could buy back the vehicle for £1,000). Mr B told esure he would accept the £3,500 offered, but he didn't receive the cheque esure said they would send in settlement. When he contacted esure to find out what was happening, he was told there was an outstanding balance of £90.16 he owed them. But esure hadn't sent the email informing him of this. Mr B paid the outstanding balance. Mr B chased the cheque but didn't receive it until the end of September.

Having raised several complaints, he hadn't received any response. He contacted esure, who wrote to him, agreeing the timeline of the claim meant the level of service they'd provided didn't meet the standard Mr B should have expected. Esure noted they'd incorrectly recorded the incident when Mr B first contacted them against a previous vehicle of Mr B and they'd handled the claim process (by esure and their agents) poorly thereafter. Following the issues raised by Mr B about the quality of repairs and the additional damage (to the sunroof) the vehicle had been inspected and deemed a total loss, at a valuation of £3,500. Issues

with the outstanding balance meant delays in issuing the settlement, which wasn't sent to Mr B until late September 2023. Esure also accepted they hadn't followed their internal complaints procedure on several occasions and failed to escalate Mr B's concerns. In recognition of the inconvenience caused to Mr B, esure awarded £250 in compensation.

Mr B didn't agree the compensation, so complained to this Service, unhappy at what had happened. He'd had to take time off to collect or return hire cars and was left without a vehicle or means to purchase one for a two-week period in September, which meant he was unable to work during the period (he was self-employed). The poor service from esure (and C and G) had also affected his physical and mental health. Nor had he received a response to the complaints he'd raised with esure. He wanted esure to pay him for his lost working time (which he estimated at £1,200). This would be in addition to the impact on his health. He rejected esure's offer of £250 compensation.

Our investigator upheld the complaint, concluding esure's offer of £250 compensation wasn't sufficiently fair in the circumstances of the case. But she didn't think Mr B's request for £1,200 compensation was reasonable either. She thought a total of £550 compensation would be fair, given the number and nature of the issues Mr B had experienced. And Mr B was on holiday for a two week period in September, so loss of earnings wasn't appropriate.

esure disagreed with the investigator's view and asked an ombudsman to consider the complaint. In disagreeing they said their offer of £250 compensation was fair and raised a number of points about their handling of the claim, including:

- provision of a hire car was in line with the policy terms;
- the lost keys were subsequently located;
- rectification of poor quality repairs wasn't the reason for the total loss;
- the time taken in issuing the total loss settlement was due to the issue of the outstanding balance, so there was no delay; and
- once the vehicle was deemed a total loss, the policy terms meant a hire car would be withdrawn within 48 hours.

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.

My role here is to decide whether esure have acted fairly towards Mr B.

The key issue in Mr B's complaint is how esure handled his claim and the time taken to arrive at a total loss settlement. The specific issues have been set out earlier. Mr B doesn't believe esure's offer of £250 compensation is sufficient, while esure maintain it is reasonable, for the reasons they set out when responding to the investigator's view.

In considering the complaint, the issues and the respective views of Mr B and esure, I've have regard to the sequence of events as summarised above, together with the information and evidence provided by Mr B and esure, including the latter's detailed case notes. While it isn't an issue, in terms of the decision to deem Mr B's vehicle a total loss, I've seen the inspection report from G, dated September 2023. The report values the vehicle (pre-accident) at £3,500. The estimated total cost of repairs is £2,611 (some 75% of the pre-accident valuation). That proportion would be consistent with deeming the vehicle a total loss. esure's claim notes indicate Mr B accepted the settlement and he hasn't raised this aspect as part of his complaint to this Service, other than what he considers a delay in it being issued.

esure say the time between the settlement being approved and the payment being issued was due to the need to settle an outstanding balance in respect of the policy premium. esure's case notes are consistent with this, so I can't conclude there was an unreasonable delay in the settlement being issued.

However, looking at what Mr B told us alongside esure's case notes, it's clear there were multiple failings in the way the claim was handled. These include initially recording the damage incorrectly against Mr B's previous vehicle, the confusion over the lost key (which the notes indicates was down to C) in addition to the issues over the quality of the initial repairs. There were also issues with the hire car provided. Both with the initial hire car and then later (September) when esure's case notes indicate the hire car insurance was cancelled without Mr B being told.

Turning to the damage to the vehicle, it was initially assessed by C, who deemed it repairable, before being taken to G for repairs. At that point the keys and locks had to be changed as the original key had been thought lost by C – although it was subsequently located. While located, this caused unnecessary time spent and concern to Mr B about the security of the vehicle had the locks and keys not been changed.

Having repaired the vehicle and returned it to Mr B, it was at that point he raised concerns about the quality of repairs and the vehicle was returned to G for rectification in late August. Mr B listed a series of issues with the repairs, and I've not seen anything from esure (or their agents) disputing the issues. The issues also included a crack in the sunroof, which G denied responsibility for and said it may have been damaged by C. The cost to replace the [panoramic] sunroof would have been significant on its own, which the case notes indicate was a factor (along with G's report) in their decision to deem the vehicle a total loss.

While esure indicate the need for rectification of the poor quality repairs wasn't the reason for the total loss, I've concluded the need for further repairs noted in G's report (together with the damage to the sunroof) did lead to the decision to deem the vehicle a total loss – something that wasn't initially the case when the vehicle was assessed by C. Had the vehicle repairs been carried out to an appropriate standard (and the sunroof not damaged) I'm not persuaded the vehicle would have been likely to be assessed as a total loss – which only happened over two months from Mr B initially notifying esure of the damage to his vehicle and lodging a claim. This would have added to the stress and inconvenience suffered by Mr B.

On the issue of esure not responding to Mr B's complaints, it's clear – and esure have accepted this – Mr B's complaints weren't handled properly, and he only received a brief response in October 2023 (which didn't include reference to his referral rights to this Service). Complaints handling isn't a regulated activity that falls within the remit of this service, but in this case, the failure to properly consider and respond to the multiple complaints raised by Mr B will have added to the stress and inconvenience caused by the issues with the handling of his claim set out above. I'll consider the impact on Mr B alongside these other issues.

Taking all these points into consideration, I don't think esure acted fairly and reasonably towards Mr B.

Given this conclusion, I've considered what esure need to do to put things right. As they've issued a settlement for the total loss of his vehicle, I've considered the distress and inconvenience suffered by Mr B from the way the claim was handled. The sequence of events indicate the process took longer than it should have done, and these delays were primarily due to how esure (and their agents) handled the claim, including the initial repairs

and then total loss of the vehicle. It's also clear this meant Mr B had to spend a significant amount of time following up the issues with esure.

Having regard to the published guidance from this Service on awards for distress and inconvenience, I think Mr B has suffered considerable distress and significant inconvenience that took a lot of effort to reach an outcome, some three months after he first contacted esure to lodge his claim. Taking all these circumstances and factors into account, I think £550 compensation for Mr B would be fair and reasonable for distress and inconvenience.

While Mr B has asked for compensation for loss of earnings, he hasn't provided evidence to support that, nor has he challenged the investigator's view he was on holiday for a period in September (so wouldn't have been earning during that time). So, I've concluded it wouldn't be fair or reasonable to make an award for loss of earnings.

My final decision

For the reasons set out above, it's my final decision to uphold Mr B's complaint. I require esure Insurance Limited to:

- Pay Mr B £550 compensation for distress and inconvenience.

esure Insurance Limited must pay the compensation within 28 days of the date on which we tell them Mr B accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 April 2024.

Paul King
Ombudsman