

## **The complaint**

Mr H has complained about the difference in price Esure Insurance Limited quoted when he asked for information before buying a new car. Mr H held a car insurance policy with Esure for his existing car.

## **What happened**

Mr H contacted Esure around six months into purchasing a car insurance policy through it. He asked for a price for a newer car which he hadn't yet bought. Mr H told us that he wanted to see if there was a big difference in the premium. If it was much more to insure, he wouldn't have bought the newer car. If it wasn't much more to insure, he would buy it.

Esure through 'live chat' provided a price, which was an increase of £77.20 with an administration fee. When asked what date he wanted a quote for, he confirmed it was for the following day. Mr H asked Esure to store the price, which Esure agreed.

Mr H decided to buy the newer car the following day. He said he tried to add the car to his current insurance policy that evening with Esure but the 'live chat' had connection issues and closed at 8pm. So he contacted Esure the next morning.

Esure quoted Mr H a price increase of £908.93. This was a significant difference to the price Esure had quoted Mr H two days before, which he'd asked it to store for him, and which Esure had agreed.

Mr H was very unhappy with the increase. But Esure said it was correct. Mr H agreed for his policy to be changed and paid the difference, but raised a complaint with Esure.

Esure upheld Mr H's complaint that it had incorrectly quoted an increase of £77.20. For its error, it initially offered Mr H £60 compensation, which it increased to £225. £100 of this award took into account the poor handling of a call between Esure and Mr H. But Esure said the increase of £908.93 was correct to cover the change of vehicle. So it didn't agree to honour the original quoted price, which was what Mr H wanted. Esure said it would waive its cancellation fee and provide a pro rata refund, so that Mr H could buy an alternative insurance policy elsewhere.

Mr H asked us to look at his complaint. He said that the compensation awarded didn't take into account his financial loss. He said he had to borrow the money from a family member to pay the difference.

Our Investigator recommended the complaint should be upheld. He thought the small increase in price quoted by Esure was a contributory factor to Mr H's decision to buy the car. He said Mr H had no reasonable way of knowing whether the price quoted was correct or not at the time.

Although Esure had offered for Mr H to cancel his policy without a cancellation fee and paid some compensation, the Investigator didn't think this was enough to acknowledge the

financial impact of its error in the original price it quoted. He considered the fact that Mr H had just bought a substantially upgraded car to his previous one, which was now outside his home uninsured. And he was half way through a policy year – so changing insurers at this stage would mean losing six months' towards building his No Claims Discount (NCD).

So the Investigator thought in this case that Esure should reduce the premium to match the initial quote it gave Mr H, so only charge him an additional £77.20 instead of £908.93. He recommended Esure pay interest on the difference from the date Mr H paid to the date of reimbursement at a rate of 8% simple interest a year.

The Investigator thought Esure's final offer of £225 compensation for the distress and inconvenience caused was reasonable.

Mr H accepted the Investigator's findings.

Esure didn't agree. It said the correct price of £908.83 was quoted to Mr H before he agreed to add the newer car to his policy. Mr H still chose to go ahead even though he had been offered the option to cancel and buy a policy with another insurer. Esure doesn't agree the initial price it quoted contributed to Mr H's decision to buy the car.

So Esure wants an ombudsman 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.

Esure hasn't provided a clear explanation as to why the price it first quoted Mr H – before he made the decision to buy the upgraded newer car – was significantly lower than the price it quoted two days later.

As the Investigator explained, Mr H has no reasonable way of knowing that the price quoted by Esure of £77.20 was wrong. Having been notified of that price, there would have been no reason for Mr H to look to other insurers as the price change was small, and meant Mr H could continue with his existing policy. I'm satisfied from Mr H's account that the steps he took to obtain a price before he bought the car was because it was a contributory factor in his decision. I don't think it's unusual for any consumer to make such checks before buying a newer car. This is a sensible and responsible action to take. And the type of car Mr H upgraded to from his existing car was significant.

Esure told Mr H the correct increase in premium the morning after he bought his car, which was now uninsured outside his home. I don't think it's fair for Esure to say that Mr H 'chose' to accept the increase in premium – and that Mr H could have decided to return the car to the seller. The circumstances Mr H was in were very different to his circumstances two days before, when he hadn't yet bought the car.

Mr H expected to pay around £80 extra to change the vehicle under his insurance policy, as he relied on the information Esure gave him. So I can completely understand why he thought he was making an informed decision when choosing to buy the car.

But Esure said it was going to cost 11 times more than that less than two days later. This is a significant loss of expectation, and in his circumstances, I can understand why Mr H paid the difference that morning. The alternative was to begin looking for another policy online, deal with cancelling his policy with Esure, wait for a pro rata refund, and find the funds to pay

for alternative insurance immediately: either as a lump sum, or commit to monthly instalments and pay interest under a credit agreement. Mr H's options were very different after buying the car.

So I don't think Esure has done enough to put things right here. While it might have seemed reasonable to offer for Mr H to buy insurance elsewhere without charging a cancellation fee, Mr H would have lost around six months of NCB he had earned under his existing policy with Esure.

### **Putting things right**

So for the significant loss of expectation – and my view that the original price change quoted by Esure was a contributory factor to Mr H's decision to change his car – I think Esure should pay Mr H the difference in the price it quoted before Mr H bought the car.

I think Esure's compensation award of £225 and apology is fair and in line with awards we give in similar cases. I think Esure's agent's handling of a key call with Mr H could have been better. There was poor service, and it's very clear that the difference in price caused Mr H distress and inconvenience. He had to ask a family member to loan him the money as he didn't have the funds – and he didn't expect to have to pay what was significantly more in order to insure his new car.

### **My final decision**

For the reasons I've given above, my final decision is that I uphold this complaint. I require Esure Insurance Limited to do the following:

- Pay Mr H the difference in premium to the first and second price quoted before and after he bought a newer car.
- Pay interest on the difference at a rate of 8% simple interest a year from the date Mr H paid to the date of reimbursement.
- If it hasn't done so already, pay Mr H £225 compensation for the distress and inconvenience caused.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 24 May 2024.

Geraldine Newbold  
**Ombudsman**