

The complaint

Miss R complains that esure Insurance Limited (esure) failed to update her email address, which resulted in her receiving no notification of a failed payment and the subsequent cancellation of her motor insurance policy.

What happened

Miss R says she changed her email address using esure's online portal in 2020. She has no access to her old email address. Miss R was involved in a car accident on 28 July 2023. She contacted esure and was told she wasn't covered as she hadn't paid her premium. She says esure told her it had sent her an email advising her of the failed payment and warning her the policy would be cancelled. Miss R says this wasn't received as esure had used her old email address.

Miss R says she has received a poor standard of service from esure. She didn't receive call backs when requested. She says esure's agents told her it had changed her email on one part of its system but not both. This resulted in emails being sent to the old address. Miss R says this situation became more stressful when her daughter became ill. She had to rely on friends or use taxis to get her to the hospital. This impacted on her job as well as she needs to travel around the UK.

In its complaint response esure says Miss R received a poor standard of service when she called its contact centre. It also failed to respond to a request for a manager to call her. It offered her £100 compensation for these failings.

In its response esure says Miss R called on 5 June 2023 prior to her policy renewal. A reduced premium was agreed during this call for the renewal due on 18 June. esure says it informed Miss R that the money would be taken three days prior to the renewal date. On 16 June the business says it sent an email and a letter telling Miss R her policy was in danger of lapsing as the renewal payment hadn't been made. It says she was asked to call before 26 June to ensure cover remained in place. As no contact was received the policy was cancelled as of 26 June.

Miss R didn't think she'd been treated fairly by esure and referred the matter to our service. Our investigator upheld her complaint. He says the business didn't follow its cancellation process. Its policy terms require it to inform Miss R of a missed payment and to request payment by a specific date. If no payment is received its terms require it to write to her again notifying her that no payment has been made. It must then give a final seven days' notice prior to cancellation.

Our investigator says esure sent a letter on 16 June 2023 giving Miss R until 26 June to make a payment. It then wrote again on 28 June to say the policy was cancelled. As it didn't follow its process he didn't think it had done enough prior to cancelling the policy. He says esure should reinstate the policy, consider Miss R's claim in line with her policy terms and conditions, and pay her £250 compensation for the distress and inconvenience it had caused.

Miss R accepted this outcome but esure didn't and asked for an ombudsman to consider the complaint.

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 R's complaint. Let me explain.

I've read Miss R's policy terms and conditions regarding cancellation. The terms say:

"Our right to cancel your policy

We have the right to cancel your policy at any time by giving you seven days' notice in writing where there is a valid reason for doing so. We will send our cancellation notice to the latest contact details we have for you and will set out the reason for cancellation. Valid reasons may include but are not limited to:

- Where we have been unable to collect a payment (premium or credit installment [sic]) we will write to you requesting payment by a specific date. If we do not receive payment by this date we will write to you again notifying you that payment has not been received and giving you seven days' notice of a final date for payment. We will also tell you that if payment is not received by this final date your policy will be cancelled. If payment is not received by that final date we will cancel your policy with immediate effect and notify you in writing that such cancellation has taken place."*

I've seen the letter esure wrote to Miss R dated 16 June 2023. This says she hasn't paid her renewal premium. If she wants the policy to remain in force it says she must contact esure before 26 June to arrange payment. The letter says the policy will cancel from 26 June if it doesn't hear from her. esure then wrote to Miss R again on 28 June to say her policy had been cancelled from the renewal date, which was 18 June.

I can see from the system records esure supplied that these letters were posted as well as emailed. esure explains when an email address is changed via its portal this doesn't change the email used to send correspondence. It says Miss R should've contacted it to update her policy details.

I've seen an email Miss R received from esure dated 9 May 2020. This says it has changed her email address and explains what she can do via her online account. I can't see the new email address. In the screen print this shows only as Miss R's full name. Although from what I've read I have no reason to doubt this was changed to her new email address.

I can't see that Miss R was told she must contact esure separately to change the email address linked to her policy. I can understand why she thought she'd already done this by changing it on the portal. Based on what I've seen esure should've communicated this requirement more clearly. If it had I've no doubt Miss R would have contacted esure to change the email address used for correspondence.

Based on this evidence the correspondence sent by email wasn't received. It was sent to an address Miss R had no access to. Miss R also says the letters sent by post weren't received. I have no reason to doubt what she says. But regardless of this, I agree with our investigator that esure failed to follow its process. More specifically, it should've written to Miss R again

after its letter dated 16 June 2023. Its policy terms require it to provide a final seven days' notice if payment isn't made. This should've been done before esure cancelled Miss R's cover. It wasn't.

Given the impact cancelling an insurance policy can have, I think esure's process requiring two contacts sent by two different methods is fair. But it didn't apply its process fully here. It reasonably follows that this resulted in Miss R having no cover at the time of her accident.

I acknowledge esure's comments that its cancellation process doesn't apply. It says there was no active policy. This is because no payment was made and so the policy didn't commence. It says the seven-day cancellation isn't necessary in these circumstances. esure highlights the policy was cancelled from the renewal date. It says this is the date on which the policy lapsed which means there was no contract in place.

I've thought carefully about what esure has said. But I don't agree. Its letter dated 16 June 2023 says:

"It may be that you did not wish to renew the above insurance policy but as stated on your renewal documents your policy has been automatically renewed, as you did not contact us to advise renewal was not required."

Miss R's policy schedule confirms the policy will automatically renew. This is what happened here. I'm satisfied that there was a contract and cover was in place. I don't agree with esure's view that it needn't follow its policy terms and conditions in these circumstances. The terms are clear that seven days' notice will be given after the initial correspondence confirming the missed payment. It didn't follow its process, which has resulted in no cover being in place at the time of Miss R's accident.

Having considered all of this I don't think esure treated Miss R fairly when it cancelled her policy. To put this right, it should reinstate her policy on payment of the outstanding premium. And deal with Miss R's claim under her policy terms and conditions, including the loss of use of her car. Because of the distress and inconvenience caused by the unfair cancellation of Miss R's policy, which includes the lack of transport to take her daughter to hospital, I agree with our investigator that esure should pay her £250 compensation on top of the £100 it already paid.

My final decision

My final decision is that esure Insurance Limited should:

- reinstate Miss R's policy on payment of the outstanding premium;
- consider Miss R's claim under her policy terms and conditions, including the loss of use of her car; and
- pay Miss R £250 compensation for the distress and inconvenience it caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 22 April 2024.

Mike Waldron
Ombudsman