

## The complaint

Miss B complains that esure Insurance Limited mishandled her motor insurance policy.

## What happened

From at least October 2021, Miss B had a policy with esure. The policy renewed for the year from October 2022.

In September 2023, esure again sent Miss B renewal documents. The policy renewed for the year from 9 October 2023. The policy schedule said that Miss B had 13 years' no-claims discount ("NCD") which was "protected". Miss B agreed to pay about £1,270.00 plus about £150.00 for paying by instalments. The total cost was going to be about £1,425.00.

On about 16 October 2023, solicitors acting for a third party's insurer sent esure a "reminder" about a letter of claim relating to an incident in late May 2022.

In early November 2023, esure told Miss B that because of the claim, it was charging an additional premium for a late-notified claim. That increased the total cost to about £1,950.00. Esure asked Miss B to pay the additional amount, otherwise it might cancel her policy.

Miss B had difficulty contacting esure. She paid increased direct debits. However, she complained to esure that the additional premium was unfair and she'd spent hours on the telephone.

By a final response dated early February 2024, esure said that after it logged the claim, it had to recalculate the premium. However, it apologised for the trouble and upset caused due to the issues Miss B faced when trying to speak with esure. It said it was sending her a cheque for £100.00.

Miss B asked us to investigate.

By an email dated 12 April 2024, esure told Miss B that it had closed the claim as "*opened in error*" and it was sending her a further £100.00.

### *our investigator's opinion*

Our investigator recommended that the complaint should be upheld in part. He referred to Consumer Insurance (Disclosure and Representations) Act 2012 ("CIDRA"). He thought that esure's premium calculations weren't correct, as they were based on the wrong loss date of May 2023. He recommended that esure should:

1. pay Miss B £300.00 compensation in total; and
2. return the premium to what was initially offered on 9 September 2023, if that's not already been done; and
3. refund any overpayment made, due to the increase; and

4. return the direct debit payments to what was offered on 9 September 2023; and
5. add 8% simple interest per annum to any overpayments, from when the payments were taken until the payments are refunded to Miss B.

Miss B accepted the investigator's opinion.

Esure disagreed with the investigator's opinion. It asked for an ombudsman to review the complaint.

*my provisional decision*

After considering all the evidence, I issued a provisional decision on this complaint to Miss B and to esure on 13 August 2024. I summarise my findings:

I was satisfied that esure changed the total cost back to about £1,425.00. As that was achieved partly by adjusting the direct debit and partly by an electronic transfer, I didn't agree with the investigator that esure should return the direct debit payments to the amount agreed in September 2023.

I considered that Miss B was out of pocket from early December 2023 to early April 2024. So I was minded to find it fair to direct esure to pay Miss B interest at our usual rate on the increase (of about £48.00) in each of the instalments she paid in that period, from the date of the payment to the date of 23 April 2024.

esure caused Miss B financial worry. Also, esure didn't deal properly with Miss B's attempts to contact it for information or support. So Miss B suffered frustration at hanging on the telephone, only for her call to be disconnected.

Subject to any further information either from Miss B or from esure, my provisional decision was that I upheld this complaint in part. I intended to direct esure Insurance Limited to pay Miss B:

1. simple interest at a yearly rate of 8% on the increase (of about £48.00) in each of the instalments she paid in the period from early December 2023 to early April 2024, from the date of each payment to the date of 23 April 2024. If esure considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Miss B how much it's taken off. It should also give her a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate; and
2. insofar as it hasn't already paid her, £300.00 for distress and inconvenience.

Miss B disagreed with the provisional decision in part. She says, in summary, that:

- Esure was her first point of contact when the accident happened. She knew she wasn't at fault as her vehicle was stationary. She logged the claim with esure in May 2022 so that should have appeared on her records.
- Esure or the third party provided a courtesy car.

Esure said that it had no further comments in response to the provisional decision.

## **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.

It's common practice for an insurer who receives a claim against its policyholder to treat it as an open claim until such time as the insurer considers that it will have no net outlay.

Most such claims are notified promptly. However, where there's a delay in notification until after a policy renewal, it's common practice for the insurer to re-assess the risk and re-calculate the renewal premium.

I accept that the solicitors for the third party's insurer notified esure of a claim against Miss B after the renewal date.

Esure mis-recorded the date of the incident as May 2023 rather than May 2022. I don't condone that. But esure had been Miss B's insurer on either of those dates. So I don't find that esure treated Miss B unfairly by recording an open claim against her.

Also, whether the date of the incident was May 2022 or May 2023, esure had no record of it prior to October 2023. So I don't find that esure treated Miss B unfairly by recalculating the premium.

However esure's evidence justifying the amount of the additional premium was only based on the incorrect incident date of May 2023. Indeed, esure declined to tell us what the additional premium would've been based on the correct incident date of May 2022. So I find that esure treated Miss B unfairly by its calculation of the additional premium.

I accept that Miss B was alarmed by the increase in her monthly direct debit from about £118.00 to about £166.00. From what I've seen, she paid the increased amount from early December 2023 to early April 2024.

In April 2024, esure closed the claim in Miss B's favour. However esure issued contradictory information that it was reducing the direct debit to about £136.00 but also to about £98.00. By an email to Miss B dated 23 April 2024, esure tried to explain that. It said that the effect had been to refund Miss B about £16.00 and about £200.00. It said that it was also making a further refund of about £308.00 by electronic transfer.

None of that is as clear as esure should've made it. Nevertheless, I'm satisfied that esure changed the total cost back to about £1,425.00. As it achieved that partly by adjusting the direct debit and partly by an electronic transfer, I don't agree with the investigator that esure should return the direct debit payments to the amount agreed in September 2023.

### Miss B's response to the provisional decision

Miss B says that she notified esure of the incident in 2022. Miss B also says that she wasn't at fault and it may have been the third party's insurer who provided a courtesy car.

However, esure has shown us a contact log with no contact with Miss B between March and August 2022. So – in the context of a claim that wasn't her fault - I find it likely that all Miss B's dealings were with the third party's insurer. So I'm not persuaded that Miss B did notify esure of the incident in 2022.

In any event, esure didn't include the 2022 incident in the 2023 renewal documents, which it asked Miss B to check. And the fact remains that the third party made a claim in 2023 arising

out of the incident in 2022, and esure hadn't taken that into account when setting the renewal price. So I still don't find that esure treated Miss B unfairly by recording an open claim against her and re-calculating the premium.

### **Putting things right**

I consider that Miss B was out of pocket from early December 2023 to early April 2024. So I find it fair to direct esure to pay Miss B interest at our usual rate on the increase (of about £48.00) in each of the instalments she paid in that period, from the date of the payment to the date of 23 April 2024.

In addition to being out of pocket, I consider that esure caused Miss B financial worry. Also, esure didn't deal properly with Miss B's attempts to contact it for information or support. So Miss B suffered frustration at hanging on the telephone, only for her call to be disconnected. I give esure credit for its apologies and its payments of compensation – although I have only seen evidence of payments totalling £200.00 rather than £250.00.

Nevertheless, I agree with the investigator that £300.00 is fair for such distress and inconvenience. So I will direct esure to pay Miss B £300.00 for distress and inconvenience insofar as it hasn't already paid her that amount.

### **My final decision**

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct esure Insurance Limited to pay Miss B:

1. simple interest at a yearly rate of 8% on the increase (of about £48.00) in each of the instalments she paid in the period from early December 2023 to early April 2024, from the date of each payment to the date of 23 April 2024. If esure considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Miss B how much it's taken off. It should also give her a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate; and
2. insofar as it hasn't already paid her, £300.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 20 September 2024.

Christopher Gilbert

**Ombudsman**