

The complaint

Mr L has complained about his previous car insurer esure Insurance Limited (Esure). He wanted to cancel his policy but ended up having to cancel his direct debit.

What happened

On 7 January 2024, following an accident, Mr L found he no longer required his insurance with Esure. He began trying to cancel the policy on 7 January. By the end of the month, with his attempts having been unsuccessful and, with the next premium payment due, Mr L cancelled his direct debit. This prompted a warning to be sent by Esure that a payment method needed to be arranged. In an email to Esure on 29 January 2024, Mr L reiterated his desire to cancel the policy and assured it of his intent to make payment.

Subsequently Esure cancelled the policy on account of non-payment. A record was made on Mr L's credit file. Mr L complained to the Financial Ombudsman Service. In responding to contact from our Investigator, Esure offered to pay £150 compensation, but Mr L wasn't prepared to accept that offer.

On reviewing matters in detail, our Investigator felt Esure had failed Mr L because its systems had been too difficult to navigate such that it had made cancelling impossible. He felt that Esure should amend the cancellation record to show Mr L had cancelled the cover and it should act to ensure he wasn't negatively affected by the credit record. But he was satisfied that the £150 compensation offered by Esure was fair and reasonable to make up for the upset caused.

Esure accepted the findings. Mr L said he was disappointed by them. He said there was a distinct apathy from Esure which he felt this service should be seeking to change. Mr L said £150 compensation wasn't enough to do that.

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 note that Esure accepts it failed Mr L. Which means I don't really need to dwell on that. Suffice to say that I agree with our Investigator that Esure failed Mr L because its systems made cancellation so difficult for him. In fact Esure's systems made cancellation so impossible that Mr L was forced into a situation where he had to cancel the direct debit. I accept that Mr L had been trying to cancel with Esure since early January and, if its systems had been better able to cope with that request, it should've cancelled the direct debit from its end, long before it made the usual monthly request for payment.

My consideration then focuses on what is reasonably required to put things right. As our Investigator has also explained, this Service is not the regulator and it's not part of our role to make awards to punish companies or make them change the way they do business – that is

the role of the regulator. Our role is to look at the individual circumstances of each complaint before us for consideration. We then determine, where an insurer has failed the policyholder, what is needed to put that right.

In terms of a policyholder who has been caused distress and inconvenience, we often look to make an award of monetary compensation that we feel fairly and reasonably reflects the upset suffered. An award of £150 reflects a situation where repeated small errors – such as here where Mr L repeatedly could not get in touch with Esure and it missed at least two opportunities to cancel the policy for him – which have required a reasonable effort to sort out. In respect of the last bit, here Mr L had to keep calling and then felt forced to cancel his direct debit. I'm satisfied that £150 compensation is fair and reasonable.

I'm aware that Mr L owes a cancellation fee to Esure. If he wants it to take that from the compensation award, then I think that would be reasonable. I can't reasonably require it to waive the fee because it was something Mr L would always have paid had Esure cancelled the policy when initially requested to do so.

If Esure had cancelled the policy as requested, Mr L's records would show that he cancelled the policy. Currently Esure has marked its own records to show a cancellation by it. It says it hasn't recorded it externally. Esure should now amend its internal records and ensure that, should any external records detail the cancellation of this policy, they show that Mr L cancelled it.

When the direct debit was cancelled, Esure recorded a late payment, or similar negative record, against Mr L. I understand that this has shown on his credit record. I'm not sure that Esure can amend that record now – but it should try. It should also provide a letter for Mr L which he can attach to his credit file and/or otherwise use to explain, should he need to, that the negative record was caused by Esure's failure.

Putting things right

I require Esure to:

- Pay Mr L £150 compensation. But if he wants it to, it can deduct the outstanding cancellation fee from this sum. And if any amount of the £150 has been paid already, it won't have to pay that again.
- Ensure its internal records and any external records that detail the cancellation, show it was a cancellation by Mr L.
- Amend, if possible, the negative record on Mr L's credit file.
- Write a letter for Mr L to use should he wish to, which explains that the negative record on his credit file, in respect of this policy, was caused by its error.

My final decision

I uphold this complaint. I require esure Insurance Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 30 October 2024.

Fiona Robinson
Ombudsman