

The complaint

Mr N complains about esure Insurance Limited (“esure”) for substantially increasing his insurance premiums and auto renewing his policy. He wants esure to refund him the cost of his premiums.

What happened

Mr N insured his home with esure. In the 2022/23 year his premium for home insurance was around £580.

His policy was due to run out in September 2023.

In August 2023, esure sent Mr N his renewal quote. This was for around £2000 for the year. The renewal letter set out that, following changes to weather patterns, esure had reviewed the risk associated with the property and the renewal reflected this. It acknowledged that this quote may be higher than expected, and that Mr N may be able to get cheaper cover elsewhere.

Mr N did not see the renewal letter, which was emailed to him. It appears it went to his junk folder.

Mr N did not take any action to cancel the policy renewal, so it automatically renewed in September 2023. Mr N was then charged £170.63 per month as his new premium.

Mr N did not notice the change until January 2024. When he realised that the price had increased so substantially, Mr N contacted esure and cancelled the policy.

He had a confusing exchange with a customer service agent and when Mr N asked for a refund of the premiums that he had paid so far it appeared that this was agreed by the agent. The agent then indicated that Mr N would be contacted by a manager.

The policy was cancelled from mid-January and Mr N was asked to pay a small additional balancing payment for cover from September 2023 – mid January 2024.

Mr N was unhappy as he felt that the sudden increase was not justified, and that it exploited his autorenewal. He complained to esure.

Esure did not uphold his complaint about the increase in premiums and Mr N contacted us.

Our investigator looked into this matter. During the course of the investigation, esure acknowledged that Mr N had experienced service issues when he complained and asked to be contacted. Esure offered him £150 to reflect this but did not refund the premiums. Esure did set out that if Mr N provided evidence of alternative cover for that period it would refund the esure premiums.

Our investigator considered that this was a reasonable offer. They explained that pricing is usually a matter for insurers to set, based on the risk they consider applies to the property. There are some circumstances where prices may not be fair, but these are usually where

existing customers are charged more than a new customer would be, or where the customer will have difficulties getting cover elsewhere so cannot change insurer. As these circumstances did not exist here, the investigator did not think that esure had acted unfairly in setting the price, and in auto-renewing. They thought that the offer was reasonable to reflect the service issues and did not ask that esure do anything else.

Mr N did not accept that view and asked for an ombudsman 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.

I appreciate Mr N's upset here. He has subsequently obtained alternative cover for a similar price to that which he was paying previously, and he is concerned that such a significant increase was not justified.

I understand his view and I acknowledge that the increase was large.

I do, however, agree with my colleague and I do not consider that esure has done anything wrong.

As my colleague explained, insurers are able to set premiums based on the risk that they consider a property poses. This may, or may not, be similar to the way other insurers calculate the risk of a particular address and the fact that cheaper cover was available through others does not mean that the pricing was unfair.

Esure has provided some details of how the price was set and has demonstrated that the price was lower than it would have been for a new customer with the same criteria.

As my colleague explained, we are not able to tell insurers what they should charge, or what a reasonable premium is. They must send advance notice, in a quote, and must give consumers details of how not to auto-renew. Esure did that in this matter.

I do not criticise esure for auto-renewing when the policy was not cancelled as the greater risk for consumers is that there is a gap in cover and an insured peril then occurs.

I also do not criticise esure for not refunding the premiums that reflect the period when the property was insured, between September 2023 and January 2024. Cover was provided for that period and, if a peril manifests at a later date which can be traced to that time, then esure would be on cover for that risk.

I also agree that esure's offer of compensation was reasonable to reflect the failings in customer service and is in line with awards this service would make.

I therefore agree with my colleague's view, and I do not uphold this complaint. I appreciate that this will be disappointing to Mr N, but I hope he can see that his concerns have been considered fully.

My final decision

For the reasons given above, I do not uphold Mr N's complaint and I do not ask esure Insurance Limited to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or

reject my decision before 24 March 2025.

Laura Garvin-Smith
Ombudsman