

The complaint

Miss C complains esure Insurance Limited (“esure”) misled her to think she would receive a reduction in her premium after her car insurance policy renewed.

What happened

Miss C called esure in May 2023 to discuss her renewal. Although the premium quoted was £1,047.37 higher than the previous year, she agreed to renew because she says esure led her to believe most of this additional cost would be refunded once liability for an accident relating to a claim had been resolved.

In October 2023 esure told Miss C there wouldn’t in fact be any reduction to the premium due to the claim since it had already been recorded as non-fault at the time of the renewal and hadn’t lowered Miss C’s no claims discount.

Miss C complained and in its final response esure accepted it had in error told Miss C more than once she’d receive a reduction to her premium once the claim was settled and the costs recovered from the third party. In recognition of this, esure paid Miss C £150 compensation and said it would waive the usual cancellation fee should Miss C wish to cancel.

Our investigator didn’t think the compensation esure offered was enough. She said Miss C had been caused added distress and inconvenience from difficulties she encountered contacting esure and recommended esure pay an additional £150, bringing the total amount to £300. The investigator considered Miss C had said she would have taken out cover elsewhere had she been given the correct information about her premium at the time of the renewal. But she wasn’t persuaded Miss C had shown she’d have been able to take out cover elsewhere for less.

esure accepted the investigator’s opinion, but Miss C did not. So the complaint has been referred 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’ve decided to uphold the complaint. I’ll explain why.

I’ve firstly considered the effect of the November 2022 claim on the renewal.

esure has provided a screenshot from its system showing the claim was recorded as non-fault. Miss C’s policy schedule issued on 8 May 2023 shows she still had 20 years no claims discount, and shows a recovery had already been made on the November 2022 claim.

Since at the point of the May 2023 renewal the claim appears to have been treated by esure as non-fault, and doesn’t appear to have had an adverse effect on the no claims discount, I

don't think there was any further activity on this claim after the renewal which could have resulted in a lower premium - as Miss C had been led to believe.

esure has already accepted it misadvised Miss C more than once that her premium would reduce once the claim was resolved. So I only need to comment here that it was unfair for esure to mislead Miss C in this way, and to consider the impact it caused.

Miss C says if she wasn't misadvised, she would have taken cover out elsewhere instead of renewing with esure. For me to find esure should do more in response to this, I'd not only need to be satisfied Miss C wouldn't have renewed with esure, but also that she could have got comparable cover elsewhere for less. Miss C hasn't shown she could have got comparable cover elsewhere for less. But I'm also conscious esure said Miss C could cancel the insurance policy without being charged a cancellation fee. So she could have cancelled it then to get a cheaper premium if she believed one was available. I think offering to waive the cancellation fee was a fair and reasonable response to this point, and esure doesn't need to do more than this.

However, Miss C was caused a loss of expectation. For approximately five months after the renewal, she was expecting to receive a lower premium at some point. So it would have been disappointing and upsetting for Miss C to eventually find out this wouldn't happen.

Miss C was also caused unnecessary inconvenience by chasing esure on numerous occasions to try to get her premium reviewed, which could have entirely been avoided if esure had given Miss C the correct advice at the time of her renewal. So I agree with the investigator some further compensation is warranted for this.

Putting things right

Overall, I think £300 compensation is fair and in line with our award levels for the distress and inconvenience esure caused Miss C. Since esure has already paid Miss C £150, it should pay her another £150 to bring the total to £300.

My final decision

For the reasons I've set out above, it's my final decision that I uphold this complaint and I require esure Insurance Limited pay Miss C £150 compensation for the distress and inconvenience it's caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 5 December 2024.

Daniel Tinkler
Ombudsman