

The complaint

Mr S has complained about the way esure Insurance Limited trading as Sheilas' Wheels dealt with a claim made against his car insurance policy.

What happened

Mr S bought a car insurance policy with the insurer, esure.

esure received a claim from a pedestrian for injuries they say were sustained after an incident involving Mr S's car in May 2023.

esure accepted the third party claim.

Mr S was very upset about esure's decision. And he was unhappy with the impact of the claim on his premium at renewal. Mr S said he called esure three days before the renewal date to ask that it didn't renew his policy, but esure didn't act on his request.

esure upheld Mr S's complaint in part. It said it had properly reached a decision to deal with the third party's claim for injury, which was still open. It had no record of Mr S calling it before the renewal date to cancel renewal. It said Mr S correctly owed a balance on cancellation of the policy (for non-payment of premiums) in November 2023 of £224.12.

But esure accepted it had provided poor service in the call waiting times Mr S had experienced and how long it took to reply to his concerns. For the distress and inconvenience caused, esure said it would reduce the balance he owed on cancellation by £100.

Mr S remained unhappy and asked us to look at his complaint.

Our Investigator thought esure's approach to dealing with the third party claim was reasonable and in line with the policy. esure provided some evidence of calls we asked for, but some of the calls held no details of what was discussed. So in the absence of key evidence, the Investigator gave Mr S the benefit of the doubt and thought on balance he did call esure before the renewal date to cancel the renewal.

So the Investigator recommended esure update its records to show Mr S cancelled his policy at renewal, provide a pro rata refund, and to cancel any requests for outstanding payments from Mr S. The Investigator recommended esure arrange for any negative credit markers against Mr S's record to be removed.

For the distress and inconvenience caused by esure, the Investigator recommended esure pay Mr S £100 compensation.

esure accepted the Investigator's view.

In response, Mr S asked if esure would offer him an insurance policy identical to the policy he held the year before renewal. He asked if esure would offer such a policy with a lower premium, in addition to the £100 compensation.

esure said Mr S would need to look online to obtain a quote, either directly with esure or via a comparison website. It couldn't comment further on what price such a quote might produce.

esure told us it has waived the balance due under the policy and provided a refund for the backdated cancellation, along with the compensation award of £100, direct to Mr S's account.

The Investigator forwarded esure's response to Mr S. Mr S hasn't replied.

So as Mr S hasn't responded, the case has been passed to me for a final 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.

As of May 2024, esure confirmed this claim is open and still under investigation. It explained it is obliged to accept and consider the third party pedestrian's claim. It is awaiting further evidence.

We don't decide liability, as this is a role for the courts. But we can look at whether an insurer has reached its decision in a reasonable way and in line with the policy.

Mr S's policy with esure has a very common term which I've seen in most – if not all – motor insurance policies. esure says it can take over the defence of a claim in Mr S's name.

This means esure might make a decision Mr S disagrees with, but the policy allows esure to proceed this way. We don't disagree with this term in principle provided an insurer can show it treated its customer fairly when applying it.

From what I've seen, it isn't in dispute that both parties were in the location when the incident occurred and had contact with one another.

From what I've seen, I'm satisfied esure hasn't acted unreasonably in recording a claim in these circumstances. This means as the claim is open – and esure has accepted the claim, it is recorded correctly as a 'fault' claim. The term 'fault' is used in claims where an insurer cannot recover their costs of the claim. So I don't think esure has done anything wrong here.

I understand Mr S doesn't agree. He believes the claim is a false claim. And because he says esure didn't answer specific questions he asked of it in relation to the third party claim, he says he has been unable to purchase alternative insurance as he didn't know how to answer questions about the claim and how it has been recorded. So Mr S says he has been without use of his car since his policy was cancelled in November 2023.

I can see that Mr S's policy was cancelled due to non-payment of premiums. According to esure's checks on the motor insurer database, Mr S wasn't dually insured until his policy cancelled in November 2023. So he was insured to drive up until the date of cancellation. And while I appreciate Mr S is unhappy that esure didn't answer all of his questions about the claim, most of them esure couldn't provide as they relate to personal information about the third party, or the costs of the claim which hasn't been finalised yet.

Because esure has recorded a 'fault' claim in Mr S's name, this has impacted on his premium at renewal, as esure explained. This isn't unusual, although as Mr S's No Claims Discount (NCD) was protected, the discount wasn't affected by this claim.

Mr S said there were times when he waited for over an hour to speak to an agent at esure on the phone, without success. esure has a record of Mr S calling it before the renewal date, but the information it has provided is limited and some of the calls have no data within the record.

So I agree with the Investigator that in this case, on balance it's more likely that Mr S did ask esure not to renew his policy before the renewal date in August 2023. He was waiting for a reply to his questions about the claim and was very unhappy with the increase in premium at renewal. It's clear Mr S received a poor communications experience with esure.

I therefore agree that esure should cancel the renewal of Mr S's policy – subject to receiving no claim during this period – and provide Mr S with a refund, which I believe it has already done.

For the distress and inconvenience caused by esure, I think it should pay Mr S £100 compensation. I understand esure has sent this to Mr S.

I understand Mr S will be very disappointed with my decision as he says the claim is false. But I think esure has reasonably considered the claim it received. I don't think it acted unreasonably in properly considering it, and I think its decision to record the claim as it did was fair and in line with the policy.

My final decision

My final decision is that I uphold this complaint in part. I require esure Insurance Limited trading as Sheilas' Wheels to do the following (if it hasn't already done so):

- Cancel the renewal of Mr S's policy from the renewal date in August 2023.
- Provide a refund of the premiums paid under the policy since renewal in August 2023.
- Pay interest on the refund at a rate of 8% simple interest a year from the date Mr S paid to the date of the refund.
- Pay Mr S £100 compensation for the distress and inconvenience caused.

esure Insurance Limited trading as Sheilas' Wheels must pay the compensation within 28 days of the date on which we tell it Mr A accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 November 2024.

Geraldine Newbold
Ombudsman