

The complaint

Miss W complains about the way esure Insurance Limited has handled her claim under her motor insurance policy.

What happened

In February 2023, Miss W took out insurance cover with esure for her car. In October 2023, her car was stolen and so she made a claim.

The claim was agreed in January 2024, however, Miss W didn't receive the payment for the value of the vehicle until March 2024. Miss W made a complaint to esure as she had been without a car for several months and had to make alternative arrangements for transport. She also didn't have a car seat for her child which was also stolen – making it difficult when travelling. She brought her complaint to us.

Whilst the complaint was waiting to be investigated, esure contacted us to make an offer to Miss W. It agreed that it had taken too long to accept her claim, stating that this had been as a result of a mistake in noting declarations for the named driver on the policy. And then when the claim was agreed esure recognised further failings caused the payment to be delayed. It made the following offer:

- Pay £100 limit under the policy for the car seat
- Pay 8% interest on the claim payment from one month after the theft to the date payment was made
- Pay £400 in compensation

This offer was put to Miss W but she didn't accept this. She said that when she was first told the payment was being made in January 2024, she put a deposit of £400 down on a replacement car but when the money didn't arrive she lost her deposit.

Our investigator looked into the matter and said she didn't think esure's offer was fair. She said that esure should increase the offer to include the lost deposit of £400 and also recommended that the compensation is increased to £750.

Miss W accepted the investigator's recommendations but esure didn't. It said that there wasn't enough evidence to support the claim for the lost deposit. It said that without additional documentation, showing the vehicle was on sale and also the proof of payment of the deposit, it wasn't able to agree this amount. It also didn't agree that the compensation should be increased.

As no agreement could be reached, the matter was passed to me to decide. On 18 September 2024 I issued my provisional decision. In it I said the following:

"The relevant rules and industry guidelines say that insurers must handle claims fairly and promptly and shouldn't unreasonably reject a claim. I've taken these rules into account when deciding what I think is fair and reasonable in the circumstances of Miss W's complaint.

There isn't any dispute that the claim wasn't handled particularly well. There were delays in agreeing the claim in the first place as esure incorrectly believed motoring convictions for a named driver hadn't been declared. This took some time to investigate and put right. And even when it did agree to make the payment, it still took an additional two months for Miss W to receive the funds – due to the first payment not being received and then esure's failings to correctly process the payment again. During this time Miss W was regularly contacting esure to try to find out what was happening and, from the messages I've seen, this was clearly quite a frustrating time for her. I'm pleased to see that esure has recognised these failings and wishes to resolve the matter. However, I'm not of the opinion that the offer it has made is enough, taking into consideration the situation Miss W was placed in.

I'm aware that esure has agreed to pay 8% interest on the claim payment from one month after the claim was made until the date the payment was finally made. I think this is the right thing to do and is a fair way to compensate Miss W for being without the funds due to her for an extended period.

In relation to the car seat payment, there is a policy limit of £100 and so I'm satisfied that esure can limit the payment to that figure. I note that esure would normally issue a voucher for that sum in order for the policyholder to go and buy a new one – considering the time that has passed I do think Miss W should be paid the funds instead of receiving a voucher. And as Miss W has been without the benefit of this money for the same length of time as the remainder of the claim, I'm persuaded esure should add 8% interest to this sum, from one month after the loss, until the date the payment is made (if it has already been settled, the 8% simple interest should be calculated up until the date that payment was made).

When the claim was finally agreed in January 2024, the first payment issued was in the form of a cheque. However, this wasn't received and so at the end of January 2024, Miss W requested the cheque to be cancelled and a payment sent to her bank account. Miss W was repeatedly advised by esure that the payment would be made and it was only discovered in early March 2024 that the payment hadn't gone through. During this time Miss W made numerous calls and held several web chats with esure to find out what was happening. She was assured that the payment had been reissued, only to find this hadn't happened. I've also noted that requests for a call back from a manager were also not fulfilled. From the claims notes, I can see that Miss W repeatedly expressed her frustration, advising she would have to approach this service in order to get this sorted out if esure couldn't provide her with the money she was entitled to.

It's clear from what I've seen on the case that Miss W was put to great inconvenience when trying to get this money. Once a claim is agreed then the payment should be made within a reasonable timeframe. Whilst it isn't esure's responsibility that the initial cheque went missing, it could have done far more to prevent this issue from continuing for another two months.

Miss W has said that she has a young child and she needed to attend medical appointments during the time she was without a vehicle. She told us she used a mixture of taxis and lifts from friends to enable her to get to where she needed to go. I'm under no doubt that this was a stressful time for Miss W and, along with the need to continually chase esure for information about the payment of her claim, I believe she has been put to more inconvenience than we would consider reasonable as a result of these delays.

When esure put forward the offer of £400 compensation to Miss W, it said it was based on the fact Miss W had access to another vehicle in the household. However, Miss W has said that the other vehicle is in fact the one her partner uses for work and he is out of the home from early morning until late at night. Having looked at the occupation listed on the

documents for this person, I think this is an entirely plausible explanation. And therefore, I think it's reasonable to assume that, whilst there may be two vehicles in the household, the availability of that vehicle to Miss W was limited. I'm persuaded that this prolonged period of time without the funds to enable her to obtain another vehicle has had more of an impact as a result of her circumstances.

Taking all of this into account, I'm not satisfied that a compensation sum of £400 is enough when considering the difficulties and challenges Miss W faced during the time she was without a vehicle or the funds to buy another. And in the circumstances, I'm minded to increase the compensation offer to a total sum of £900.

Miss W has told us that she paid a deposit of £400 for a vehicle when she was first informed that she was going to receive a payment by bank transfer. When this payment didn't arrive on time, Miss W says she was unable to make the payment for the car and so she lost the deposit amount. She has provided an electronic document which she says she received when she paid the deposit. I'm aware that esure has stated that this document isn't enough to support the claim for the lost deposit and it would need more evidence before it would consider making a payment.

I've thought about this carefully. The document provided appears to be from a mobile car repair company and there doesn't appear to be any information which supports that this company also sells cars. Miss W hasn't been able to provide any other evidence to show how she became aware of the sale of the car, such as an advert, and she hasn't been able to show how she paid for the deposit, such as a withdrawal from a bank account. I can appreciate why this would cause esure to be concerned about the limited information available in support of this payment. I'm not persuaded Miss W has done enough to demonstrate the payment of this deposit – so I don't think esure has acted unfairly by refusing to pay this amount based on the evidence provided so far.”

Miss W accepted the outcome of the provisional decision but esure didn't. It said that it shouldn't have to pay interest on the payment for the car seat as it provided a voucher to Miss W in January 2024. And, while esure noted that Miss W advised in March 2024 that she didn't receive any assistance from the voucher provider, it didn't think it was responsible for that delay. In its reply esure said the voucher had been issued and it noted it had already paid the voucher provider. It countered that it would be prepared to pay the £100 settlement to Miss W once it had confirmed the voucher hadn't been used.

esure also disputed the increase in the compensation payment. It said it thought the sum of £900 was excessive. It argued that if Miss W didn't have access to another vehicle then it didn't understand why she had bought a new car seat so quickly. Even though it said it had considered the fact she had to take taxis and get lifts when making the offer of £400 compensation to her, as a gesture of goodwill it was prepared to cover any taxi fares Miss W incurred when she was without a car.

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've noted the comments made by esure about the payment for the car seat. However, it hasn't provided any evidence that the voucher has been used by Miss W, simply a comment that this may have been used. Esure has had more than enough time to check this information (I would point out this wasn't raised previously as an issue when our investigator recommended the cash payment). I'm not satisfied that esure has done enough to show that payment, in the form of the voucher, has been received and used by Miss W. As I said in my

provisional decision, Miss W had a new-born child and would have needed a car seat to get to various hospital appointments. So, I think that she would have needed to replace her car seat fairly quickly. Taking this all into account, I'm satisfied that esure now needs to make the £100 payment for this car seat and pay interest as previously detailed.

When responding about the compensation sum, esure has said it thinks £900 is excessive. It says it considered that there were two cars in the household and has questioned the need for the car seat to be replaced immediately if Miss W didn't have access to another car. However, as she was utilising taxis and lifts from friends, I think it's reasonable that she would buy a car seat to ensure her child was safe when using these other modes of transport. So, I don't agree that the purchase of a car seat suggests Miss W had access to another car from within her household.

I've aware that esure has now offered to cover the taxi fares Miss W incurred but only as a gesture of goodwill, as it said this was already factored into the previous offer. But I don't agree that this offer made at such a late stage is a fair way to compensate for the distress caused to Miss W by its failings. Whilst there is always going to be some level of inconvenience when making an insurance claim, esure's claims handling errors caused delays to the decision on the claim which was then followed by poor customer service leading to delays in actually making the payment. This has all caused Miss W considerable distress. This is evidenced in the claim notes and web chats Miss W had with esure. It has been quite some time since this incident and I don't think it is reasonable to ask Miss W to provide records of taxi fares now, especially as I don't believe these have been previously requested. Miss W's testimony explains the inconvenience she has been put to as a result of this issue and I have no reason to disbelieve her account. When considering her individual circumstances, I've taken on board the emotional impact this would have had as well as any financial losses she incurred. I'm not persuaded that £400 is enough to compensate her and so I'm satisfied that the payment of £900 in this particular case is reasonable.

Putting things right

I direct esure to do the following:

- Pay 8% simple interest on the claim settlement, from one month after the claim was made until the date the payment was finally made.
- Pay £100 to Miss W for the car seat (if not already paid) and include 8% simple interest on this sum from one month after the claim was made until the date is made (if this payment has been made then interest should be paid up until the date that payment was made).
- Pay a total of £900 to Miss W in compensation for the distress and inconvenience she has been put through because of the delays and poor handling of the claim.

My final decision

I'm upholding this complaint. I direct esure Insurance Limited to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 13 November 2024.

Jenny Giles
Ombudsman