

The complaint

Mr C complains about esure Insurance Limited's ("esure") handling of a claim following an accident whilst his partner was driving his car, under his motor insurance policy.

Mr C is represented by his mother Mrs C. I'll refer to Mr C in my decision for ease.

What happened

In January 2024 Mr C's partner was involved in an accident whilst driving his car. He says esure recorded the claim against his policy when this should've been against his partner's. He's also concerned that his premium increased significantly at renewal. And his car hasn't been repaired.

In its final complaint response in March 2024 esure says the third-party is at fault for the accident. It says this was relayed to the third-party's insurer ("TPI"). It says it will update Mr C's renewal premium if it's able to close the claim as non-fault. But esure explains that until this is resolved the claim remains open. It says there's no cover under Mr C's policy for his partner, so no repairs will be completed on his car. esure apologised for delays in its claim handling and paid him £200 compensation.

Mr C didn't think esure had treated him fairly and referred the matter to our service. It subsequently confirmed it should've dealt with the claim against Mr C's partner's policy. Her policy was also with esure. It advised the claim against Mr C's policy had now been closed as "*opened and closed in error*" and says this won't impact on his premiums. esure says it rerated Mr C's policy and refunded £258.81 with an additional £150 compensation payment.

Our investigator didn't uphold Mr C's complaint. He acknowledged it made a mistake when recording the claim against his policy. But it had since corrected this and offered reasonable compensation. He says esure has shown that it recalculated Mr C's renewal premium fairly, so he didn't ask it to do any more.

Mr C didn't agree with our investigator's findings. He says esure caused a great deal of inconvenience and distress due to its errors and poor claim handling. He asked for an ombudsman to consider his complaint.

It has been passed 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'm upholding Mr C's complaint, but I think what the business has since done is fair in acknowledging what it did wrong. I appreciate this matter has been frustrating and upsetting for Mr C and I'm sorry to disappoint him. But I'll explain why I think my decision is fair.

We expect esure to handle all claims effectively. I've focused on whether it did that here.

It's clear that a mistake was made when this claim was initially recorded. esure refers to duplicate claims that had been opened for both Mr C and his partner. The business says it first received a notification from the TPI about the accident. It then contacted Mr C. However, it's apparent that the claim shouldn't have been set up against Mr C's policy.

Mr C's partner isn't insured on his policy. In his submissions to our service, he sets out the confusion he experienced as to why esure had recorded this against his policy. From what I've read esure could've avoided this had it taken more care to understand who was driving and correctly determine the policy that the claim should be against. Because it didn't, Mr C and his representative, spent a lot of time in communication with esure. It took a long time to unravel the cause of the confusion. This was eventually identified, and the claim record amended against Mr C's policy. But this wasn't identified at the time esure issued its complaint response.

In these circumstances I think it's fair that esure acknowledges the impact this had on Mr C with a compensation payment. I'll comment further on this later in my decision.

The Financial Conduct Authority (FCA) dispute resolution or DISP rules set out what we can and can't consider. The cut-off date for the issues I can consider is the date of esure's final complaint response, which was 6 March 2024. In Mr C's case esure responded again, once we made contact, to confirm the remedial action it had taken to correct the record, provide compensation and rerate Mr C's premium. However, he remained concerned about the impact adding his partner to his policy, after the accident, had on his premium.

We asked esure to agree that we could consider the premium increase as part of this complaint. It agreed to this, which means I've been able to consider this point.

We asked esure to provide underwriting information to show that the increase in Mr C's premium at renewal was calculated fairly. By this I mean that esure applied its established criteria correctly and didn't treat Mr C any differently from other customers in these same circumstances. How esure assesses risk and calculates its premiums is for it to decide. The FCA doesn't regulate on this, and it isn't something we can influence. But as above, I can look to see that the premium was calculated fairly.

The information esure provided is considered commercially sensitive so I can't share it. But I'm satisfied from what I've seen that it followed its established underwriting criteria when calculating Mr C's premium. The price increased sharply at renewal from £467.17 in the previous policy year to £907.55. I can understand why Mr C was concerned. Particularly as the claim record had supposedly been removed from his policy. However, esure explains that adding his partner as a named driver was a factor in the increase. His partner's policy correctly included a record of the accident claim from January 2024. So, this impacted on the price.

esure says the other factors that had an impact include a different risk postcode as well as market rate increases. It says it has changed how it assesses risk more broadly, which has impacted on all customers.

Mr C didn't change his address. So, I asked esure to clarify its reference to a different risk postcode. It responded to explain that the highest risk postcode is used whether that is the policyholder or a named driver. Meaning Mr C's partner's address has added to the risk and increased his premium. Based on this information I'm satisfied that esure treated Mr C fairly.

The records I've seen show that the claim record against Mr C's policy was changed to read,

“opened and closed in error”. As esure has said, this won’t impact on his premiums.

I’m sorry Mr C is disappointed with his premium increase. But I don’t think esure treated him unfairly. I note his comments that he would have found a cheaper premium elsewhere if the claim hadn’t been recorded against his policy. But esure sent Mr C his renewal documents with time for him to shop around before a new policy went live. It has rerated his premium having removed the claim record, which I think is fair. Had he gone with another insurer the same claim record would likely have been a factor in the premium it offered. This could’ve been corrected at a later date when the claim was removed. But I don’t think Mr C has been left in a worse position given the action esure has taken to rerate his premium and provide a refund.

Mr C says he was taken off his father’s policy as a named driver because the claim record increased the premium significantly. He says this caused inconvenience as there are occasions when it is useful to be able to drive his father’s car. I’ll consider this point when awarding compensation.

I’ve thought carefully about the impact all of this had on Mr C. He was caused distress because of the ongoing confusion and whether the damage to his car was going to be repaired. A clear explanation about why his insurance increased wasn’t provided. Given the mistakes and delays on esure’s behalf Mr C wasn’t sure that he could trust what it was telling him. In these circumstances I think it’s fair that esure pays Mr C compensation. But I think the £350 it paid him is reasonable, so I won’t ask it to pay more.

I note what Mrs C says about the compensation offered to date. For clarity I can only award compensation to an eligible complainant. In this case this is Mr C as the policyholder. I don’t doubt that Mrs C has spent time dealing with this matter as Mr C’s representative. I’m sorry for the inconvenience and upset she’s been caused. But under the DISP rules I can’t award compensation to someone who isn’t an eligible complainant.

I note Mrs C has concerns about Mr C’s partner’s claim, as well as Mr C adding a new car to his policy. I’m not able to consider those issues here as per the DISP rules already mentioned. These issues will need to be referred to esure by Mr C and his partner, or their authorised representative(s). If they remain dissatisfied with its response(s) they can ask our service to consider the matter at that stage.

My final decision

My final decision is that I uphold Mr C’s complaint for the reasons explained in my decision. But I’m satisfied esure has now done enough, since the complaint was brought to our service, to put this right. So, I can’t fairly ask it to do more.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr C to accept or reject my decision before 7 February 2025.

Mike Waldron
Ombudsman