

The complaint

Mr M complains that esure Services Limited cancelled his motor insurance policy after telling him that his payments were up to date.

What happened

esure failed to take a payment for Mr M's policy. A month later it wrote twice to Mr M asking him to make the payment or the policy would cancel. When Mr M received the cancellation notice he called esure. But the agent told him his payments were up to date. The policy was then cancelled and Mr M thought this had made new insurance unaffordable for him. He said he had to take out short term cover at great expense.

esure agreed it had made an error in telling Mr M his payments were up to date. It paid him £200 compensation for this and £50 for its late response to his complaint. It said Mr M needn't disclose the cancellation to future insurers. But Mr M wanted further compensation and for esure to cover his new insurance arrangements.

Our Investigator didn't recommend that the complaint should be upheld. He thought esure's compensation was sufficient for the trouble caused Mr M when he had to find new insurance. He thought the cancellation hadn't been recorded on external databases and so wouldn't affect Mr M's new cover. He didn't think esure was responsible for Mr M not taking out a new annual policy and paying for temporary cover.

Mr M replied that he thought esure should pay him further compensation for the impact its error had on him. Mr M asked for an Ombudsman's review, so his complaint has come 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.

I can understand that Mr M felt frustrated that his policy was cancelled after esure's agent had assured him that his payments were all up to date. And I was sorry to hear that this has caused him stress and upset.

When a business makes a mistake, as esure accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

esure said it wasn't able to reinstate Mr M's policy, but it provided him with indemnity for two days to give him time to find alternative cover. esure said it hadn't recorded the cancellation on any external databases and it confirmed this to Mr M and told him that he needn't disclose the cancellation to future insurers.

Mr M said his quotes for a new annual policy were unaffordable as they were too high. But he hasn't provided us with any evidence to show that the quotes were affected by the cancellation. So I can't reasonably hold esure responsible for this or for Mr M's financial circumstances that led him to taking out temporary cover. And so I'm satisfied that esure did what it could do to restore Mr M's position following its error.

When esure cancelled Mr M's policy, there was a balance of £74.28 outstanding. As an apology, esure waived this amount and it also offered Mr M a total of £250 compensation. This was £200 compensation for its unfair cancellation and £50 for its late response to his complaint. I think that's in keeping with our published guidance for the impact of such an error. So I think that's fair and reasonable, and I don't require esure to increase this.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 20 January 2025.

Phillip Berechree
Ombudsman