

The complaint

Mr G says esure Insurance Limited provided poor service and didn't tell him it had settled a claim on his motor insurance policy, leading to a substantial rise in his premium later on.

What happened

Mr G called esure on 23 July 2023, shortly after he had a minor accident in a car park, when he reversed his car out of a parking space, and it hit a car that had stopped behind it. He told the advisor he didn't want to make a claim, and that he'd offered to pay for the other driver's damage. He asked if esure would be able to recommend garages to repair her car if necessary. The advisor said esure would have to accept full liability for the accident and that it would have to pay for the damage to the other car *unless* the other driver confirmed she'd deal with Mr G privately. Subsequently, esure asked Mr G to complete a 'Statement of Truth' and it acknowledged receipt of the completed statement on 12 August 2023.

When Mr G received his renewal documents in November 2023, the premium had risen by around £1,000. He queried it and esure said it had settled the other driver's claim. An advisor told him in error that esure hadn't got his Statement of Truth. Mr G says esure later offered to send him a letter stating that it hadn't dealt with the claim properly (for him to use if seeking insurance elsewhere). He complained to esure in December 2023, but its response wasn't issued until 1 May 2024, when it offered Mr G £50 compensation for the time it had taken to deal with his complaint. It said it didn't agree that he wasn't made aware of the increase in premium at renewal (which *wasn't* what Mr G had complained about).

One of our Investigators reviewed Mr G's complaint. He agreed that esure had been slow to respond to it and that its contact with him had been poor. He noted that esure hadn't dealt with Mr G's concerns about not being told a claim on the policy had been made, or that it had paid the claim. But the Investigator thought the claim was settled correctly - and he didn't think it would have made any difference had Mr G been told about it. He said esure should pay £100 compensation in total for its poor service and poor communication.

Mr G said he hadn't accepted liability when he called esure in July 2023, that it had failed in its duty to investigate the claim, and that he'd been denied the right to challenge esure's decision. He said it was conceivable he wasn't at fault for the accident - and that esure had spent more than it needed to on the claim. He also said esure now needed to issue the letter promised to him in November 2023 stating that it hadn't investigated the claim properly. And he didn't think £100 compensation (which he wanted to go to charity) was sufficient. The Investigator's view didn't change. Mr G said the Investigator had attributed liability to him and had ignored esure's procedural unfairness. He disputed what he referred to as the '*commonly accepted practice*' of insurers taking complete control of settling claims.

As there was no agreement, the complaint was passed to me for review.

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 haven't seen a motor insurance policy that doesn't include a term similar to the one in esure's policy that allows it to decide how to deal with a claim. Although Mr G regards it only as commonly accepted practice, he accepted the term as part of the contract with esure when he bought the policy. We only intervene with an insurer's contractual right to decide how to deal with a claim if we think it acted unreasonably in doing so.

Normally, we'd expect an insurer to carry out an investigation into a claim. But in this case, Mr G had told esure (verbally and in writing) that he'd reversed into a stationary car, that he'd accepted liability at the time, and that he'd offered to pay for the damage. I think the advisor was clear about the fact that esure would have to deal with that damage. Insurers don't recommend garages to consumers for them to contact privately. I think the advisor should have commented on that when Mr G raised the issue. As he didn't, Mr G still thought it was an option, although that was never the case.

When the other driver's insurer contacted esure, it was able to show that the damage was to the car's side - and the other driver's version of events matched Mr G's account. So in my opinion, there was nothing for esure to investigate. Mr G said later that there could have been CCTV coverage to assess. I can't see how any such footage would have shown that Mr G wasn't at fault, and he'd admitted reversing into the side of a stationary car. I think it was reasonable for esure to conclude that it would have to settle the claim.

It isn't clear what happened between July 2023 and November 2023. Presumably Mr G didn't contact the other driver again to try to pay for the damage. Otherwise he would have found out that she'd contacted her insurer to pursue a claim against him instead. I think esure should have told Mr G it had heard from the other insurer in August 2023, so he'd have the chance to comment. It came as a shock to him when he finally found out about the claim. But I don't think it would have changed the outcome had he found out earlier.

Mr G seems to think he could have avoided the claim (had he known about it in August 2023) by disputing the sum quoted for the other car's repairs, and if necessary by paying for them, through esure. But motor insurance doesn't work like that. It was for esure to decide how to deal with the claim, regardless of Mr G's comments. Insurers don't act as agents, passing money between consumers and other insurers. The only way Mr G would have been able to avoid a claim would have been if the other driver had agreed to settle the cost of repairs with him privately. Once she had contacted her insurer instead (as she was entitled to do) that was no longer an option. And (as an advisor told Mr G in November 2023) it was the fault claim on his record - rather than the sum paid out on it - that impacted his premium.

esure has accepted that it provided other poor service to Mr G, especially given the time it took to acknowledge / deal with his complaint and telling him in error that it hadn't received his Statement of Truth. He found the latter upsetting, when he had proof that esure *had* received it. Then, after waiting for months for a reply to his complaint, the content of esure's response was very poor, in that it dealt with a concern he hadn't raised and omitted to mention the central issues. I can see why Mr G was confused and frustrated by all of that.

In addition, in a call to esure on 16 November 2023, Mr G asked for a letter from it setting out its errors in dealing with the claim. He wanted to show it to other insurers (in order to try to get a lower quote from them than he otherwise would have done with a fault claim on his record). I've listened to the relevant call, and the advisor raised Mr G's expectations by agreeing to issue a letter - although he didn't do so. That was poor service and caused

disappointment to Mr G, who was then inconvenienced by having to spend time chasing the letter. But I can't see how a letter from esure would have helped him to get a lower premium.

That's because in my opinion esure's errors reflected poor service on its part. It had decided (reasonably, I think) that it didn't need to investigate the claim - and it didn't accept that it had reached the wrong liability decision. So any letter from esure about its shortcomings would necessarily have been limited to service issues. I don't think that would have been of any interest to other insurers. The only way of reducing the cost of cover from elsewhere would have been to have the recording of the claim's status changed from fault to non-fault, and that was never an option in the circumstances here. Mr G still wants esure to issue the letter it promised him in November 2023, but I can't see the point in requiring it to do so.

Mr G's policy with esure lapsed in November 2023, but he had to continue to contact it after that due to the delay in getting a response to his complaint (and also the letter referred to above). I think esure's communication and contact with Mr G throughout was poor, as set out above. It seems some promised calls to him weren't made and that he had to spend a long time on hold waiting to be connected. So I think it would be reasonable for esure to pay compensation for Mr G's upset over its service errors and for the inconvenience he faced over a protracted period. In my opinion, £200 compensation in total would better reflect the impact of the poor service and delay on Mr G (who wants any sum awarded in compensation to be paid to charity).

I know Mr G is unlikely to be satisfied with my decision, as he doesn't think esure will change its approach to consumers in general (which he thinks is contemptuous) unless it has to pay a substantial sum in compensation. But I can only base my decision on the facts in this particular case, and I think the sum I've set out above is appropriate.

My final decision

My final decision is that I uphold this complaint, and I require esure Insurance Limited to pay Mr G £200 compensation in total for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 7 May 2025.

Susan Ewins
Ombudsman