

The complaint

Miss C complains about how esure Insurance Limited (esure) has handled a claim on her motor insurance policy.

Miss C has been largely represented by her partner in this complaint. But for ease of reference, I shall refer to anything he's said as being said by Miss C.

What happened

In January 2023 Miss C was involved in a collision with a third-party. The accident was reported to esure as Miss C wished to claim for the damage to her car.

Liability was subsequently admitted by the third-party insurer.

Miss C purchased a new car in January 2024. When trying to obtain insurance, Miss C says she became aware the claim was showing as a fault claim, as esure hadn't recovered its outlay in full from the third-party insurer. Because of the open claim, Miss C says she was unable to obtain insurance from any provider other than esure. This resulted in Miss C's monthly insurance payments increasing and, she says caused financial hardship.

Miss C made a complaint to esure. esure said it had sent its outlay to the third-party insurer but hadn't received its costs. It was unable to instruct its own solicitor to recover its outlay, due to a personal injury claim being pursued. esure said Miss C was welcome to cancel her insurance mid stage and this had been discussed with her. By way of an apology, esure paid £100 compensation to Miss C.

In June 2024, esure told Miss C the third-party insurer had confirmed payment of its outlay had been raised and once received, it would be closing its file.

Dissatisfied, Miss C brought her complaint to this Service.

Since the matter has been with this Service, esure has increased its offer of compensation by a further £150, bringing the total compensation offered to £250.

Our Investigator said she wouldn't be asking esure to do anything further as it had addressed the mistakes made and its increased offer of compensation was fair and reasonable.

Miss C didn't agree with the Investigator, so her complaint 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.

I recognise Miss C is unhappy with the delays she experienced and that at the point of attempting to obtain new insurance, the claim was showing as a fault claim resulting in an increase to her policy premium which, she says caused her financial hardship.

Fault Claim

Firstly, I would like to explain that whilst the term “fault” has been used by the parties, this terminology can be misleading and requires clarification.

A “fault” claim is more colloquially used, but the actual terminology is “no claims bonus disallowed”. It doesn’t mean the policyholder is necessarily to blame for the accident but reflects the fact where a claim has been made and the insurer hasn’t recovered its outlay in full from another party. When liaising with customers, rather than use the term bonus disallowed, insurers will often instead say “fault”.

Alternatively, a “non-fault” claim means “bonus allowed”. This will be where an insurer has been able to recover its costs in full from another party.

Whilst at the point of Miss C wishing to obtain new insurance the claim was still showing as an open “fault” claim, I have seen from the available evidence that esure’s outlay has now been recovered. Accordingly, the claim has been closed and Miss C’s bonus has been allowed. I’m satisfied this is the correct course of action for esure to have taken.

Delays, Increased Premium and Recovery of Outlay

Miss C says she encountered delays with esure. My understanding is esure was changing its system which led to customers not being dealt with as quickly as it would have liked. Additionally, the available evidence shows a period when esure weren’t actively pursuing recovery of its outlay, resulting in the claim showing as open for longer. esure have apologised for the delays caused and the frustration Miss C encountered as a result.

Although Miss C says when purchasing a new car she had no alternative other than to continue insurance with esure, I don’t agree. Whilst Miss C says another insurer’s quote went up substantially because of the claim showing as open, I haven’t seen any documentation in support of this. I also think the price of Miss C’s premium would’ve changed regardless of the claim showing as open. When looking to take out a new policy, Miss C had changed her vehicle and her occupation was also updated. Taking these factors into account, I would’ve expected some impact on the policy price in any event.

Miss C would’ve had the opportunity to cancel her insurance with esure at any time and obtain insurance with a new provider i.e. she was free to shop around to look for a better deal. I have seen from the available evidence that this was also conveyed to Miss C by esure.

I note esure have rectified the increased premium by rerating Miss C’s insurance, providing a reimbursement of £203.50. esure have also reimbursed Miss C her £150 policy excess. Taking everything into account I’m satisfied the steps taken by esure are fair and reasonable to put Miss C in the position she would have been in, had the delays in recovering its outlay not been incurred.

As to esure’s offer to pay a further £150 to Miss C in addition to the £100 already paid (a total of £250) I find this to be reasonable given the delays experienced by Miss C and the distress and inconvenience this caused. esure should pay Miss C the additional £150 if it hasn’t done so already.

My final decision

For the reasons I’ve explained above, my final decision is that I uphold Miss C’s complaint in part. To put things right esure Insurance Limited must pay Miss C a further £150 for distress

and inconvenience if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 21 February 2025.

Lorna Ball
Ombudsman