

The complaint

Miss B is unhappy with how esure Insurance Limited (esure) handled a claim made on her motor insurance policy.

Any references to esure include its agents.

What happened

In September 2023 a named driver on Miss B's policy was involved in an accident in her car. The accident was reported to esure who arranged for it to be inspected. Over the course of the next few months, Miss B says she received mixed messages and poor service. Miss B said a key example of this was being told her car was a total loss, then that it was repairable.

Miss B complained about esure's handling of the claim, which she says took too long. She said as a carer for family members she had a number of appointments she needed to attend each week and not having a car, or certainty around how long her courtesy car would be provided for, was challenging. She also was concerned about the financial impact on her of continuing to pay for a car which may or may not be repairable. And that esure's delay in deciding if the car was a total loss or not caused her to pay additional interest on her finance agreement.

esure responded to Miss B's complaint in March 2024. It acknowledged there had been some initial confusion about whether the car was repairable, but concluded it was a total loss. esure said the policy terms allowed it to settle the claim by a monetary payment, which was what it intended to do. esure also said it had asked Miss B to provide a settlement figure from her finance company so the finance could be settled directly. esure offered £200 compensation for the delays in progressing Miss B's concerns and replying to her.

Unhappy with esure's response, Miss B referred her concerns to the Financial Ombudsman Service. They were reviewed by one of our investigators who initially said she considered esure hadn't evidenced how they concluded the car was a total loss and the compensation payment should be increased to a total of £750.

esure didn't agree with the recommendation. They said they'd provided Miss B with a hire car for several weeks after the point they'd said her car was a total loss, so beyond the point where the policy terms said a car should be provided. This cost them £720. Miss B responded and said she wasn't responsible for a delay in providing a settlement figure and esure's lack of information caused her to receive a fine from the DVLA.

Following further correspondence, esure issued another final response letter in May 2024. This acknowledged delays in making the payment to settle the outstanding finance and apologised for this. But it said the additional car hire arrangements they'd made from the end of February to mid-April, along with another £200 compensation payment put things right for Miss B.

Our investigator considered the further comments but didn't change her mind. She considered, overall, that esure's handling of the claim warranted a total compensation

payment of £750. esure accepted the conclusion but Miss B didn't so this matter 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.

First, I'd like to reassure both sides that while I've summarised the background to this complaint and submissions to us, I've carefully considered all that's been said and sent. In this decision though, I haven't commented on each point that's been made and nor do our rules require me to do so. Instead, I've focused on what I consider are the key issues.

I think it's also helpful for me to say here there are some issues raised after the second final response letter from May 2024 which aren't being considered as part of this decision. I'm only considering esure's handling of the claim up until this point.

How esure settled the claim

It's not in dispute Miss B was hoping the car could be repaired and was disappointed it was declared a total loss. As both sides are aware, esure's policy terms say:

"What is covered

*All loss and damage to **your car** unless it's by fire, lightning, explosion, theft or attempted theft. **We will:***

- *pay to repair the damage or*
- *replace what's been lost or damaged if it's more cost effective than repairing it; or*
- *pay to settle **your claim**.*"

esure were entitled to declare the car a total loss and pay to settle the claim. I appreciate Miss B took the time to arrange for her garage to provide their assessment of the repairs needed, which showed the car was repairable, though at significant cost. I accept Miss B was provided with mixed messages about the status of the car and whether it was repairable or if the claim would be settled as a total loss on the basis the car was beyond economical repair. However, I don't consider esure acted unfairly or outside of the policy terms by declaring the car as a total loss.

I've also considered the issues raised about the courtesy car. Miss B was initially provided with a courtesy car in mid-October, which was involved in a separate accident. Another car was provided at the end of February 2024 until mid-April 2024.

The policy terms and conditions say:

"A courtesy car is provided whilst **your car** is being repaired by the recommended repairer as part of a valid claim...

A courtesy car is not available if **your car** had been stolen and not found, or considered to be a total loss. If **we** decide that **your car** is a total loss after providing the courtesy car, it will be withdrawn."

So, it's not the case esure needed to provide a courtesy car to Miss B as soon as she notified them of the accident. The courtesy car was only due to be provided, under the policy terms, whilst repairs were being completed.

However, I accept there was a period of four and a half weeks where Miss B would have been entitled to a courtesy car. This was between the first courtesy car being removed at the end of October 2023 and Miss B's car being declared a total loss on 8 December 2023. On 8 December 2023 Miss B's car had been declared a total loss, and arrangements were being made to settle the finance agreement. After this point, esure wasn't required under the policy terms to provide Miss B with a courtesy car.

But it did so for almost seven weeks from the end of February 2024 until mid-April 2024. So, when taking a holistic view at the time Miss B had access to a courtesy car, I'm satisfied she had the access she was entitled to under the policy. And, in the round, I'm satisfied esure's decision to provide a second courtesy car was appropriate given there were delays in settling the finance agreement linked to Miss B's car.

Wider service issues

I've considered the concerns Miss B has raised. These issues include delays, poor communication and what Miss B considers to be inadequate advice about the practical issues of no longer owning a car.

The first issue I've considered is the delays around the handling of the claim and settling the finance agreement. Across the two final response letters, esure offered a total compensation payment of £400 for these issues.

Miss B has been clear in her communication with esure that she faced many challenges in being without a car. She's a carer for two family members and needs to attend several appointments. And I consider esure could have helped by being much clearer with Miss B about what was happening, for example, explaining arrangements for the courtesy car that Miss B was entitled to under the policy. Miss B also had to follow up emails she'd sent to esure to get a response and there have been avoidable delays in progressing the claim, especially around settling the finance agreement.

I'll turn now to settling the finance agreement. esure first emailed Miss B on 8 December 2023 to explain a settlement figure was needed. Miss B says she didn't receive this email but did receive the next one esure sent on 18 January 2024. I acknowledge Miss B was keen to finalise this part of the claim and sent settlement figures to esure on 26 February 2024 but I can't see this email was acted on. esure subsequently contacted the finance company in March 2024 for a settlement figure – more than three months after they first asked Miss B to obtain this. And then there were further delays in making the payment. Whilst esure later reimbursed Miss B for the over payments because of their delay in making the payment, they haven't refunded the interest Miss B says she incurred because of the delay in settling the finance agreement.

Miss B sent esure the requested settlement figure on 26 February 2024. But the finance agreement wasn't settled until early May 2024, so Miss B made two payments in March and April 2024 that could have been avoided if the settlement figure had been acted on when first sent to esure. esure have made a partial refund to Miss B in relation to these payments, but I don't think this goes far enough. To put things right, I require esure to reimburse Miss B for the interest portion of the March and April 2024 payments, along with simple interest at 8% per annum from the date of each payment until the date of settlement. If Miss B can't obtain the relevant breakdown from her finance company, esure should obtain this for her.

I agree there are various issues that mean the service esure provided to Miss B wasn't at the level she ought reasonably to have expected. I appreciate for Miss B this matter has been long-running and stressful. And there have been various points where it looked as though the claim was coming to an end (such as when the payment was due to be made to the

finance company), but further delays occurred which were avoidable. Miss B has expressed frustration at not being able to buy a new car whilst the finance agreement was outstanding and not being told about changing ownership of the car with the DVLA. It's accepted by both esure and Miss B the claim didn't progress as it should have without errors in communication and delays.

However, I'm satisfied the total compensation payment recommended of £750 fairly compensates Miss B for the worry and upset she experienced because of esure's handling of the claim, and this includes delays in settling the finance agreement.

Putting things right

For the reasons I've given above, I require esure to pay Miss B £750 compensation.

esure Insurance Limited must pay the compensation within 28 days of the date on which we tell it Miss B accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the payment at 8% a year simple.

esure Insurance Limited should also reimburse Miss B for the interest charged by the finance company on her March and April 2024 payments, along with simple interest at 8% per annum from the date of payment until the date of settlement *.

* If esure Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from any interest paid, it should tell Miss B how much it's taken off. If requested, esure Insurance Limited should also provide Miss B with a certificate showing the amount deducted, so she can reclaim it from HM Revenue & Customs if appropriate.

My final decision

I uphold Miss B's complaint and order esure Insurance Limited to do what I've set out above in the "Putting things right" section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 24 March 2025.

Emma Hawkins

Ombudsman