

## **The complaint**

Mr D has complained that he wasn't able to renew his car insurance policy with esure Insurance Limited. He's unhappy with the change in premium as a result and that esure has recorded an incident under his policy.

Mr D's wife is a named driver under the policy.

## **What happened**

Mr D bought a car insurance policy with the insurer, esure. The policy was due for renewal in December 2023. Due to system problems, esure wasn't able to accept the payment from Mr D and so Mr D had to call esure back after the system issue was resolved.

In January 2024 esure set up a new policy for Mr D, which he had to apply for online. In the meantime, Mr D told esure about a non-fault incident for his wife's car while she was driving in February 2023. This was dealt with by the third party representative, so (as I understand) not as a claim against Mr D's wife's policy.

esure told Mr D it - and he - wouldn't need to record the incident.

However, the premium esure charged Mr D for the policy in January 2024 was significantly more than the renewal quote in December 2023. So Mr D believed this was due to esure adding the non-fault incident. He complained to esure. He said that esure had promised to price match the renewal quote when it told him he'd have to get a policy online due to its system issues not allowing him to pay at renewal. Mr D said he had to set up payment for the policy by Direct Debit Instruction (DDI), so under a credit agreement.

In April 2024 esure replied to Mr D. It said that insurance prices can change, even when personal circumstances haven't. It said this was the reason for the increase in premium in Mr D's case.

For its delay in dealing with Mr D's complaint, it offered £50 compensation. In a follow up letter in April 2024, esure offered a further £50 compensation for its delay responding to Mr D. It said the difference in premium (when it failed to match the renewal price) was £515, which it would refund. It said there was a further reduction in premium by £38 for adding the non-fault incident (in April 2024) which would reduce the Direct Debit payments for the remainder of the policy.

In June 2024 Mr D asked us to look at his complaint.

In July 2024 esure acknowledged that Mr D would have been distressed at not being insured for a short time between December 2023 and January 2024 when he had to look for a quote online which couldn't then be matched to the original renewal price.

esure said Mr D should have received a refund of the difference in price, but this didn't happen. It said it would refund the credit charge of £223 for paying by Direct Debit since January 2024 to Mr D.

esure said it had correctly recorded the non-fault incident and said by adding it, this had resulted in a reduction in the price in April 2024.

In October 2024 one of our Investigators issued his view. He thought that esure had done enough to resolve the complaint by refunding the difference in premium of £515, paying £100 compensation, and refunding the credit charge of £223.

The Investigator thought esure had correctly recorded the incident.

Mr D didn't agree. In summary he says esure told him it wouldn't record the incident. He's unhappy that his premium increased as a result of the incident and doesn't agree it should be recorded against his policy. Mr D says it has affected his No Claims Bonus (NCB).

Mr D says the compensation of £100 esure paid was for its delay resolving his complaint, not for giving him incorrect information about recording the incident against his policy.

Mr D believes esure added the incident when he raised a complaint with it.

So Mr D asked for an ombudsman to decide.

I issued a provisional decision on 9 January 2025. I intended to uphold the complaint and award a further £150 compensation to Mr D for the poor communication provided by esure.

Mr D didn't respond to my provisional decision. esure accepted my provisional decision.

So the case has been passed back 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.

In my provisional findings I wrote the following:

I asked esure for further information to better understand the premium differences from the renewal date in December 2023, January 2024, and for a change mid-way through the policy term in April 2024.

Some of esure's response contains commercially sensitive information around their pricing. So I can't share this with Mr D. However, the key points from esure's response which I find significant are:

- The key reason why Mr D's premium increased by approximately 47% between the renewal premium in December 2023 and the premium he obtained online in January 2024 was due to his change in occupation from 'semi-retired' to 'manager'.
- The incident from February 2023 was not added to Mr D's policy until April 2024 when Mr D changed his vehicle.
- Despite what esure previously said, it was a change in vehicle that caused a reduction in Mr D's premium in April 2024. From what esure has provided, it was not the addition of the non-fault incident. Overall Mr D was undercharged by £18 for the policy year.

While I'm reasonably satisfied from esure's response that it correctly calculated Mr D's premium, it is clear that it failed to properly address Mr D's concerns about the reason behind the changes in premium – and this has understandably led to unnecessary confusion and distress for him.

When esure responded to Mr D's complaint in April 2024, I think it should have explained that the main reason behind the increase in premium was due to the change in occupation.

esure wrote;

*"insurance prices can change even when your own personal circumstances haven't.  
On this occasion your renewal price was affected in this way."*

But Mr D's change in personal circumstances (occupation) was a key factor in the increase in premium.

In a follow up letter, esure said

*"I have added on the non-fault claim from November 2023 which reduce your premium by £38 and this will reduce your future direct debits."*

However, the incident was from February 2023, and adding this incident didn't reduce the premium. From what esure has recently provided, it was a change in vehicle that caused a reduction in premium.

To resolve Mr D's complaint, esure has so far offered ( or paid) £100 compensation. This compensation was awarded by esure for its delay responding to Mr D's complaint.

esure says it has refunded a difference in premium of £515. In addition, it has offered to refund the charge for credit of £223 which – had esure been able to accept Mr D's payment for the year in December 2023 - he wouldn't have been charged.

I understand how strongly Mr D feels about esure's decision to record the non -fault incident. But it has acted correctly here. The question esure asked, which is very similar to the question most other insurers ask on application for a policy was for;

*"details of claims, accidents or losses"*

So irrespective of how the February 2023 accident was dealt with, the question asked is for details of any claims, accidents or losses. And an insurer is obliged to share these details on a central database as it records all incidents, claims or losses.

esure didn't record the incident when Mr D first told him about it, which was an error on esure's part. The information esure gave Mr D in December 2023 was incorrect. It should have recorded the incident against his policy when he first told it. And so because it didn't, Mr D didn't pay an adjusted premium between January 2024 and April 2024 for the inclusion of the incident, although the difference is minimal. As I've said, aside from a change in rates, the reason for the increase in premium between December 2023 and January 2024 was due to the change in occupation.

Mr D says esure hasn't compensated him for the incorrect information it gave him about recording the incident and agreeing to price match the renewal quote. I agree that the compensation award of £100 esure has offered (or paid) is for its delay responding to his complaint.

I think esure's offer to refund the £223 credit charge goes some way to put things right for the problems Mr D experienced in trying to renew his policy. I've no doubt it was distressing to be without insurance for a period between December 2023 and January 2024. esure says if an accident or claim had occurred during this period, it would have indemnified Mr D, which I think is the correct decision.

esure has now more clearly explained the reason behind the difference in premium. But this means that Mr D didn't pay an additional premium for the recording of the incident between January 2024 and April 2024, even though esure was entitled to charge this. And I've seen no evidence that the incident affected Mr D's NCB. From the policy documents issued by esure in December 2023, January 2024 and April 2024, his NCB remained protected at 20 years.

But it's very clear that esure has made errors which have caused unnecessary confusion and distress for Mr D. I think it should have clearly explained from the outset that it would record the incident. I think it should have explained that the reason for the significant change in premium between December 2023 and January 2024 was due to Mr D's change in occupation, and esure should have correctly explained that the reason for the reduction in premium in April 2024 was due to a change in vehicle. I think esure's communication has been very poor.

So I think esure should pay Mr D a further £150 compensation for its poor communication and the confusion and upset it caused. I think esure failed to correctly explain the recording of the non-fault incident, failed to add it to Mr D's policy when it should have, and failed to correctly explain the reasons behind the change in premium in January 2024 and April 2024.

For the avoidance of doubt, esure says it has recorded the February 2023 incident as a 'notification only' incident which I agree with.

As esure accepts what I said in my provisional findings, and Mr D hasn't responded, my final decision is on the same lines as my provisional decision.

### **My final decision**

My final decision is that I uphold this complaint. I require esure Insurance Limited to do the following:

- If it hasn't already done so, pay Mr D £100 compensation it offered for the delay responding to his complaint.
- Reimburse Mr D £223 for the credit charge applied when he had to set up the policy in January 2024 to pay by DDI under a credit agreement due to esure's system failings in December 2023.
- If it hasn't already done so, refund the difference in premium it agreed of £515.
- Pay Mr D a further £150 compensation for the distress and inconvenience caused by its poor communication.

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

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

Geraldine Newbold  
**Ombudsman**