

The complaint

Miss M complains about the way esure Insurance Limited (“esure”) handled a motor theft claim she made under her car insurance policy.

What happened

In February 2024, Miss M’s car was stolen. She reported the theft to her insurer, esure, and made a claim under her motor insurance policy. Miss M paid an additional premium for a hire car for a period of 21 days.

On 11 March and 15 March 2024, Miss M called esure for updates on her claim. The claim had not been validated by this point, as esure only commenced the validation process on 18 March. esure extended Miss M’s car hire whilst the validation process was ongoing, as she was nearing the end of her pregnancy and required a vehicle.

In April 2024, esure confirmed the valuation of Miss M’s vehicle, but Miss M didn’t agree with it. So she made a complaint. esure again extended the car hire whilst the valuation complaint was considered.

Around mid-April, claim payments were made to Miss M’s car finance company and the car hire company. And esure issued a final response to the valuation complaint, increasing its valuation offer and issuing an additional claim payment to Miss M.

Miss M said however that the car hire company continued to chase her throughout April, May and June for payment of £2,000 for her car hire. She said in the circumstances, esure hadn’t resolved her complaint. So she referred her complaint to this service, explaining that the car hire company had also taken £251 from her card without her permission. Miss M added that it had attempted to take the full £2,000 but was unable to do so because of the limit on her card.

A further final response from esure confirmed that it had received the invoice from the car hire company and that it was processing the payment for this. It apologised to Miss M for the oversight and offered her £150 compensation for the distress and inconvenience caused to her. A payment was then made to the car hire company on 14 June.

However, on 24 June, Miss M contacted esure to let it know that the car hire company was still chasing her for payment and saying that its bill hadn’t been settled as esure suggested it had. esure responded to confirm it had paid the car hire charges. At that point, however, esure hadn’t settled one of the invoices for hire car and the final invoice was only settled at the end of July.

Prior to this, Esure contacted this service on 13 July 2024 to make a proactive settlement offer – increasing its previous offer of £150 compensation to £300. Miss M didn’t accept the increased offer, so the complaint was passed to one of our Investigators to review.

Our Investigator considered Miss M’s complaint and recommended that esure pay Miss M £500 compensation in addition to the £150 it had offered. She also recommended it confirm

in writing that the debt to the car hire company had been settled in full and that esure reimburse Miss M for the £251 she had been charged by the car hire company, with interest.

Esure accepted our Investigator's view, apart from the increase in compensation. It felt that its increased offer of £300 was fair and £650 was too high in the circumstances of the complaint. Because it didn't accept our Investigator's findings, the complaint has now come to me for an Ombudsman's 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.

As this is an informal service, I'm not going to respond here to every point raised or comment on every piece of evidence Miss M and esure have provided. Instead, I've focused on those I consider to be key or central to the issues in dispute. But I would like to reassure both parties that I have considered everything submitted. And having done so, I'm upholding this complaint in line with our Investigator's recommendations. I'll explain why.

- Esure delayed dealing with Miss M's claim from the first notification of loss on 20 February until 18 March when it began to validate her claim. I've kept this 27-day delay in mind when considering a fair amount of compensation. Miss M had the hire car from 23 February until 23 April. I've taken into account what esure has said about providing Miss M with a hire car outside the scope of her entitlement under the policy. esure has said the total period of hire was 40 days more than Miss M's policy entitled her to. But there was a further delay of 12 days when esure had to reconsider its initial valuation offer. So in total, esure caused delays of around 39 days in its handling of the claim. I think in the circumstances, it was fair for esure to pay for an additional 40 days of car hire for Miss M.
- When Miss M contacted esure on 24 June to say she was still being chased by the car hire company, it simply confirmed it had paid the invoices, even though it didn't pay one of them until the end of July. And esure didn't ask the car hire company why it was still chasing Miss M or whether there were any payments outstanding. I think esure could've done more to help Miss M at that time, given that she had told it she was still being chased for payment.
- I'm not satisfied that esure has fairly considered the level of stress and worry that being repeatedly chased for a debt caused Miss M, at a time when she was particularly vulnerable due to the late stages of her pregnancy and following the birth of her baby. Whilst the £300 offered for the oversight in failing to pay the car hire company does compensate Miss M for this in part, the increased offer was made on 13 July, when esure was still suggesting it had settled the car hire charges in full. Unfortunately, at this point, a further payment for car hire was still outstanding.
- I note that Miss M was provided with a hire car of a higher specification than she was entitled to under her policy. I've given fair consideration to this and I do consider this to be an example of good customer service – particularly when Miss M was heavily pregnant. I can appreciate that her safety and comfort whilst on the road would've been of utmost importance to her and I'm pleased to see esure's actions were fair in that respect.
- Esure said in its email to this service dated 13 July 2024, that it felt the initial offer of £150 was "a fair apology for the initial claim delay" of 27 days, from the first notification of loss on 20 February, to the date this was picked up by esure on 18

March. So it's clear the £150 was not compensation for any other mistake which impacted Miss M, such as the further delays in the claim, or the failure to pay the hire car charges which caused Miss M to be chased for debts at a particularly stressful time towards the end of her pregnancy.

- The issues relating to the outstanding car hire charges meant Miss M was effectively blacklisted from hiring from the same car hire company which was local to her and most convenient. esure has said Miss M wasn't prevented from using the same car hire company as her former partner subsequently hired a vehicle from it in his name. However, this wasn't an ideal situation for the personal reasons Miss M has explained to this service, so I still think Miss M suffered significant distress and inconvenience at a challenging time, due to the fact that the car hire company wouldn't allow her to hire from it directly.
- esure has also said Miss M failed to return the hire vehicle at the end of the period of hire on 26 March. But as our Investigator explained, at this point esure was still validating the claim and only provided a valuation on 12 April. I don't consider it fair or reasonable that esure expected Miss M to be without a hire vehicle whilst heavily pregnant, and whilst her claim had been significantly delayed, without esure having proactively authorising a further extension to the car hire period to compensate for the delays in its handling of the claim. esure was under an obligation to provide a fair valuation for Miss M's vehicle, which would enable Miss M to replace her insured vehicle, but it didn't do this until 12 April. So I consider it fair in this case for esure to have kept paying for Miss M's hire car charges until it had fairly valued her vehicle.
- I've considered the time Miss M spent on the phone to esure and the care hire company to try to resolve the issues esure caused. Again, at a time when she should have been enjoying the last trimester of her pregnancy and time with her newborn – reducing her stress as much as possible, the repeated contact she had to make to sort out the problems instead caused her increase distress and substantial inconvenience. I consider the additional time spent and effort made over a period of several months, by a highly vulnerable customer, hasn't been adequately compensated for in esure's last offer of £300.
- In its email dated 23 January 2025 to this service, esure has agreed to reimburse Miss M for the £251 charge taken by the car hire company. It has also agreed to pay interest on this amount to reflect the time Miss M has been deprived of these funds. So I won't comment on this point further and have included it in the redress I'm awarding Miss M in this final decision, outlined in the section below.

Overall, I'm satisfied that when esure made its increased offer of £300, it didn't take into account errors such as failing to settle the car hire charges in full, and I don't consider that it's considered the fact that Miss M was a vulnerable consumer at the time – so esure's errors would've had a more substantial impact on her, causing her greater distress and inconvenience than a person who may not have been so vulnerable.

It follows therefore, that I consider the £650 compensation recommended by our Investigator to be fair and reasonable in the specific circumstances of this complaint.

Putting things right

esure Insurance Limited should do the following to put things right for Miss M:

- Reimburse Miss M for the £251 charge taken from her card by the car hire company, with interest* at a rate of 8% simple per annum from the date this charge was taken,

until the date of settlement, as esure has agreed to do in its email of 23 January 2025 to this service.

- Confirm to Miss M in writing that the car hire bill has been paid in full.
- Pay Miss M £650 compensation for distress and inconvenience.

* If esure considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss M how much it's taken off. It should also give Miss M a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold this complaint and I require esure Insurance Limited to put things right as I've set out above.

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

Ifrah Malik
Ombudsman