

## **The complaint**

Mr S complains that esure Insurance Limited (“esure”) unfairly recorded him at-fault for an accident and didn’t tell him he could add a replacement car to his motor insurance policy.

## **What happened**

In January 2024 Mr S collided with a large animal whilst he was driving. He contacted esure to make a claim. It then sent him an email telling him it was attempting to contact the other driver involved. Mr S says there was no other driver, and he was concerned the business had a flawed understanding of his claim.

esure decided Mr S’s car was a total loss and settled his claim on this basis. He was recorded as ‘at-fault’ for the claim. Mr S didn’t think this was fair as the collision wasn’t his fault.

Mr S thought his policy had to be cancelled because he no longer had his car. So, he paid the outstanding premium in full, replaced his car, and set up a new policy. He says that prior to this he had a webchat with esure. Its agent didn’t tell him he could add another car onto his existing policy. This meant he’d obtained further cover unnecessarily at extra cost.

In its final complaint response esure says it isn’t able to offer specific advice to customers. It says its agent wouldn’t be able to instruct Mr S to keep his policy running for a car he no longer owned. It says its agent cancelled his policy at Mr S’s request. esure apologised that its agent hadn’t asked Mr S about transferring the policy to another vehicle. But it says he hadn’t bought a replacement vehicle at the time of the cancellation. esure offered Mr S £50 compensation for a delay in its response but didn’t uphold the crux of his complaint.

Mr S didn’t think esure had treated him fairly and referred the matter to our service. Our investigator upheld his complaint. She says esure should’ve made it clear to Mr S that he could transfer his policy to a replacement vehicle. He could then have benefitted from the cover he’d paid for. To put this right, she says it should refund the premium Mr S paid from the date of the claim. And pay £150 compensation for the misinformation and inconvenience it caused him.

Our investigator says it was because esure couldn’t recover its losses that the claim was recorded as ‘at-fault’. She says this follows industry practice and isn’t a reflection of whether Mr S caused the accident.

esure didn’t accept our investigator’s findings. It says it sent a link to Mr S that explained the options available to him. This included transferring the policy to a replacement vehicle.

As an agreement wasn’t reached the 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.

Having done so I'm upholding Mr S's complaint. Let me explain.

We expect esure to provide clear information so that its policyholders can make informed decisions, and that it keeps accurate records of any claims. I've thought carefully about whether it did so here.

I asked esure if it could do more to locate the webchats it had with Mr S from January 2024. It was subsequently able to find this information, which I've now read.

On 18 January 2024 Mr S explains that his car was written-off during the previous week and he had already accepted a settlement offer. He queries why his policy wasn't cancelled earlier as he no-longer owns the car. esure's agent says the policy will continue until Mr S cancels it. Mr S then confirms he wants to cancel. The agent says there's a balance owing for £356.70. Mr S queries why this is. esure's agent tells him the annual premium is due in full when a claim has been made. Mr S expresses his dissatisfaction but pays the balance and his policy is confirmed as cancelled.

In a webchat the following day Mr S asks whether his policy could've been transferred to another vehicle. esure's agent confirms a transfer is possible. But not now the policy has been cancelled. Mr S says he wasn't advised about this, but the agent maintains he will need to set up a new policy. At this point Mr S raised a complaint.

In its final complaint response esure apologises that its agent didn't ask Mr S if he intended transferring his policy to another vehicle. But it says its agent can't offer specific advice to customers.

I've thought carefully about what esure told Mr S. I don't think telling him he could transfer his policy to another vehicle constitutes specific advice. This is a feature of his policy. esure's agent should reasonably have told him this was an option when cancellation was discussed. A further opportunity to do so was missed when Mr S expressed his dissatisfaction at having to pay the remaining balance of his premium. esure's agent should've explained that Mr S could still benefit from the policy, as opposed to paying the premium in full and cancelling it.

I've read the information sheet esure has provided. This is headed "*important information about your claim*". It explains that a policy can continue and can be amended if a replacement vehicle is bought. Mr S says he didn't receive this information. Hence why he didn't initially understand he could have transferred his policy to a replacement car. esure has supplied a screen print that it says shows the information sheet was made available on its claim system.

Having considered the evidence, I don't think esure did enough here to ensure Mr S was aware he could transfer a new car onto his policy. It explains that this information was supplied to the claims system Mr S had access to. But I'm not satisfied from what I've seen that this information was communicated as clearly as it should've been. Regardless of this, I think Mr S should've been told during his initial webchat that he didn't have to pay his premium in full and cancel the policy. There was another option available to him. And I think it was incumbent on esure's agent to have explained this.

The Financial Conduct Authority's Consumer Duty regulations require insurers to provide clear communication and to ensure this is provided at the right time. This is to allow consumers to make informed decisions. I don't think esure did enough to reasonably meet with the requirements here.

I've thought about Mr S's concern that he is considered at-fault for the accident. I can understand his frustration as from what I've read the collision with the animal couldn't have been avoided. But how a claim is recorded relates to whether esure has incurred costs in dealing with the claim. In these circumstances it can't recover its costs from another insurer or other third-party. So, the claim has correctly been recorded with Mr S 'at-fault'.

Having considered all of this I don't think esure treated Mr S fairly when it failed to inform him he could add a replacement car to his policy. To put this right, it should refund the premium he paid from the date of the claim and pay 8% simple interest on this up to the end of the policy year. It should also pay him £150 compensation for the inconvenience and frustration caused when having to arrange alternative cover.

The addition of interest wasn't specified by our investigator. But I gave both parties the opportunity to comment on this before I issued my decision. Neither party responded on this point. So, I can reasonably include this payment here.

### **My final decision**

My final decision is that I uphold this complaint. esure Services Limited should:

- refund the premium Mr S paid from the date of his claim until the end of the policy year;
- pay 8% simple interest\* on the refunded premium from the date of the claim until the end of the policy year; and
- pay Mr S £150 compensation for the frustration and inconvenience it caused him.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 15 April 2025.

Mike Waldron  
**Ombudsman**