

The complaint

Miss T complains that esure Insurance Limited ('esure') didn't renew her motor insurance policy which led to her being stopped by the police.

What happened

Miss T spoke to esure on the phone in August 2023 to question why a direct debit payment hadn't gone out of her account. During that call, she requested to renew her policy. It's been confirmed that due to an error on esure's part – this renewal didn't happen. They explained they'd sent out renewal letters via their portal throughout August, but Miss T says she didn't check the portal as she assumed, on the basis of her call, that the policy had renewed. Miss T was later stopped by the police in November 2023 for driving without insurance and her car was seized.

Miss T says she was unsure of what had happened, so she contacted esure to request that the policy be renewed. Esure explained that the policy had been lapsed for several months so she'd need to take out a new policy. During that call, Miss T requested copies of her call transcripts with them to see if she had renewed as she thought. But she didn't explain that she'd been stopped for driving without insurance or that her car had been seized.

Miss T said she spent a lot of time trying to get esure to provide her with the call transcripts she requested, and these weren't provided until September 2024. By that time, Miss T said she'd incurred a number of financial expenses due to her car being seized. And she had to attend court in September and October 2024 due to driving without insurance.

Miss T then got back in touch with esure in October 2024 about her complaint and esure issued a final response in which they said they would consider any costs Miss T had incurred including recovery and storage charges, interest on a loan taken out to release the car, and any fines received. They also made an award of £300 compensation.

Miss T brought the complaint to this Service. An Investigator looked at what had happened and initially thought the complaint should be upheld and esure should pay additional compensation and all of Miss T's financial losses, as esure had caused the policy not to renew. But following additional submissions from esure and Miss T, the Investigator then said that as Miss T hadn't given esure the opportunity to deal with the issue initially, they should only cover the following costs:

- £664 for the release of vehicle from the police.
- £670.40 difference in insurance premiums.
- £430 for the specialist insurance policy to recover the vehicle.
- £30 petrol cost to collect vehicle from storage.

In relation to Miss T's other losses, the Investigator said that because esure weren't made aware about the problem in November 2023, when Miss T called to speak to them, esure weren't able to assist. And the Investigator said if Miss T had done so, esure could have supplied an indemnity letter confirming the issue was due to their error. And this could have been presented to the court and Miss T's finance provider and might have changed the

outcome. The Investigator also didn't think additional compensation was warranted as there hadn't been any delays in sorting out the issue once esure was aware of it. The losses were as follows:

- £3,493.38 difference in interest on loans
- Train tickets to attend court £28.19

In response to the Investigator's amended findings, esure agreed and said they would raise payment for £1,794.40. But Miss T disagreed – she said the Investigator's amended findings relied on speculative reasoning and shifted the blame over to her. Miss T's main response points were:

- Miss T didn't tell esure about the issues as she understand what had gone wrong at the time and was confused about the situation and trying to figure out what had happened.
- There was no evidence the police or the finance company would have accepted an indemnity letter from esure at the time.
- There was no evidence that esure would have admitted their fault and acted quickly enough. It took them nearly a year to provide copies of call transcripts.

I issued a provisional decision of this complaint, and I said the following:

"I can see that esure have agreed to some of the recommendations the Investigator made as part of their review of the complaint, so I'm not going to make an extended finding on these points again. I've considered the reasons behind them and I'm satisfied that esure paying a total of £1,794.40 for the items listed produces a fair and reasonable outcome. However, in respect of the train tickets of attending court of £28.19, I do think esure should cover this cost. This is because even if they had provided an indemnity letter, Miss A would always need to attend court to present this.

That means the remainder of my decision will focus on whether it would be fair for esure to pay the increased interest Miss T incurred when she refinanced her vehicle, as well as what amount of compensation I deem to be suitable.

I've reviewed all of the submissions made by both sides as part of my review of this complaint and I can see Miss T has asked for a specific finding on the renewal reminders esure says they sent out. However, I don't intend to go over these points again and make an extended finding as I don't consider them to be the main crux of this complaint.

I'm satisfied that Miss T would have understood that her policy had renewed following her call with esure, and there wouldn't have been reason for her to check the portal for letters. And because esure have confirmed they made a mistake and didn't renew Miss T's policy when they should have, that means I need to think about what esure were required to do to put things right, once they were made aware of the issue.

Initially, Miss T was stopped by the police in November 2023 and her car was seized. Miss T says she wasn't sure what had happened – so she contacted esure to ask for copies of her call transcripts. I've carefully considered the reasons why Miss T says she didn't make esure aware of the full situation at the time of this call – but I ultimately haven't been provided with a persuasive reason as to why Miss T didn't

ask esure to confirm what the position was. Miss T said she was unsure of what had happened – but I do think it would have been reasonable for her to explain this to esure at the time.

I also have to also think about Miss T's earlier testimony in which she said she hadn't checked the status of her policy as she was under the impression that she was insured. But instead of raising this with esure – she called them after being stopped and asked to renew and requested copies of her transcripts. Having thought about this, I don't think it would be fair or reasonable of me to simply hold esure responsible for everything that happened as a result of their initial error, when they weren't given a chance to rectify it until most of the impact had already been experienced.

I note Miss T's concerns that esure may not have moved very swiftly given the delays experienced with her request for call transcripts. But I'm not persuaded this is a comparable situation which I can fairly draw a conclusion from. Once esure were made aware of the problem; I think they moved quickly, and they confirmed indemnity from the date required. And I can see this ultimately allowed Miss T to have the court case dismissed with no charges. This means I'm not persuaded that esure's delay in providing copies of Miss T's call transcripts demonstrates they wouldn't have dealt with the issue swiftly if they had been made aware of it in November 2023

I also don't agree that it's more likely than not Miss T's finance provider wouldn't have accepted esure's letter of indemnity had she told esure about the problems earlier. I can see the letter from Miss T's finance provider specifically asked her to tell them if she felt she wasn't at fault for being uninsured and the vehicle being seized. I think it's fair to conclude that Miss T ought reasonably to have known, based on her testimony that she remembered renewing the policy, that the possibility that this wasn't her fault existed and could have contacted esure at that point to discuss things.

I have no doubt Miss T would have been going through a very stressful situation and I do sympathise with what she was dealing with at the time. But in order for me to direct esure to pay the difference in interest charged when she refinanced her vehicle – I would need to be satisfied that those costs met the criteria for a consequential loss. When thinking about whether an insurer is liable for any consequential losses because of something they did wrong, I need to ask the following questions:

1. Was the loss a direct result of what went wrong?
2. Was the loss reasonably foreseeable?
3. Were reasonable steps taken to mitigate the loss?

In relation to question 1, I find that the loss was likely a result of esure's mistake in not renewing the policy. I say this because the terms of Miss T's finance agreement state that a breach will occur in the event of seizure of the vehicle or where there is no continuous insurance in place.

In relation to question 2, I think this is a reasonably foreseeable loss of the type that could occur when insurance is not in place.

However, in relation to question 3, I find that Miss T has not taken reasonable steps to mitigate her loss, given she did not make esure aware of the situation to explore other options available, and instead refinanced the agreement at a very high rate of interest.

I find that, on balance, it's more likely than not that if esure had been aware of the situation earlier, they would have provided a letter of indemnity at that time. While I acknowledge that it's difficult to know exactly what would have happened, I find that on balance, Miss T could have provided this to her finance provider and may have been able to take steps to avoid refinancing her agreement. It follows that, while I do recognise the reasons Miss T took the course of action she did, I can't fairly conclude that the loss suffered is a consequential loss that esure would need to refund.

What was the impact

I'm conscious that Miss T has suffered some avoidable distress and inconvenience in her policy not renewing when it should have. Miss T has highlighted a number of additional costs and expenses she says she incurred, and I have set out why I think these should be paid above.

I'm also aware that Miss T has outlined how esure's error forced her to max out lines of credit and use overdrafts – but I haven't seen any evidence of how these actions flowed from esure's error so I'm unable to consider any award here.

In terms of making a compensation award, it's important to note that we don't punish or fine a business. A compensation award is intended to reflect the impact a business's actions had on their customer. I can see esure originally awarded £300 compensation for any distress and inconvenience caused as a result of their handling of the renewal. As this is in line with what I would have awarded - I think it's fair, so I won't be asking esure to increase this."

I said I intended to uphold this complaint in part and to direct esure to resolve the complaint by paying:

- £664 for the release of vehicle from the police.
- £670.40 difference in insurance premiums.
- £430 for the specialist insurance policy to recover the vehicle.
- £30 petrol cost to collect vehicle from storage.
- £28.19 train tickets to attend court.

I also thought esure should add 8% simple interest from the date these costs were made until they are refunded as well as pay £300 compensation for distress and inconvenience.

I invited both parties to respond to my provisional findings – esure said they agreed in full and would raise payment in the way I had set out. But Miss T didn't agree with my provisional findings in respect of mitigation of her financial losses, the treatment of consequential losses, and the adequacy of the distress and inconvenience award. Miss T explained that when she contacted esure initially in November 2023 after her car was seized, she'd requested call transcripts because she wasn't sure what had gone wrong and didn't feel she was in a position to challenge esure. She said she was in a highly distressed mental state at the time, and it hadn't occurred to her that esure might have been responsible.

She also said she was signed off work for around a month due to anxiety and depression and her mental health difficulties were triggered directly by the incident which left her unable to think clearly or manage the situation in a typical way. And Miss T highlighted the FCA's guidance on the fair treatment of vulnerable customers, which outlines that insurers should

consider how mental health conditions, such as anxiety or depression, can affect a customer's ability to manage financial situations or communication.

What's more, Miss T says that her job required her to have a vehicle so if she were to have lost it her job could have been at risk. She explained that before refinancing at a higher interest rate, she tried every possible alternative: including borrowing money from her brother, maxing out credit cards, and using her overdraft. She said she only refinanced as a last resort. Finally, Miss T said she felt the £300 compensation award didn't fairly reflect the depth or duration of distress she says she experienced. Miss T said the situation disrupted her life for months and seriously affected her mental health, finances, and work.

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've given careful consideration to Miss T's response to my provisional findings as part of my review of this complaint. And while I remain naturally sympathetic with the situation Miss T found herself in due to esure's error in not renewing her policy – I've not been persuaded to reach a different outcome than I did previously.

It's clear that esure did not provide the level of service that could reasonably have been expected of them and this in turn had an impact on Miss T. But the question that I must decide is how much of the impact Miss T has experienced can fairly and reasonably be attributed to esure's failure. I do appreciate Miss T's mental health concerns, and I acknowledge this could have had an impact on how she felt she could handle the situation. But while I appreciate Miss T said that she should not be penalised for how she dealt with the impact of esure's mistake - I remain of the opinion that it's reasonable to expect someone in Miss T's position to mitigate their losses as far as is possible.

I appreciate Miss T says she didn't feel able to challenge esure about what had happened, but I would still consider it reasonable to raise these concerns and allow esure to be made aware of what was happening. And in the absence of this, it simply wouldn't be fair or reasonable for me to then hold esure responsible for everything that occurred when they had no involvement in the issues Miss T faced.

Miss T says that before refinancing her vehicle at a higher interest rate, she tried every possible alternative which included borrowing money from her brother, maxing out credit cards, and using her overdraft. But I haven't been provided with an explanation that persuades me that maxing out her credit cards and overdraft was something she was required to do as a result of esure's error – given she later borrowed money from her brother and took out a loan for the difference. And other than her testimony, Miss T has not provided any evidence to support these losses.

I remain satisfied with my finding in which I said on balance, it's more likely than not that if esure had been aware of the situation earlier, they would have provided a letter of indemnity at that time which may have been able to reduce a lot of the issues Miss T faced. I can see esure did act swiftly once they were aware of the situation and I've seen nothing to demonstrate this wouldn't have happened earlier.

Miss T has spoken about the impact this situation had on her and says that it disrupted her life for months and seriously affected her mental health, finances, and work. I do not doubt the impact to Miss T – but I also can't fairly hold esure responsible for these issues given

they were not made aware of them until November 2023 – when the majority of the impact had already been experienced.

It follows that I remain of the view that the compensation award I outlined previously is fair and reasonable and I consider this level of compensation to be appropriate in the circumstances of this particular complaint.

My final decision

For the reasons given above, my final decision is that I uphold this complaint and direct esure Insurance Limited to pay the following losses:

- £664 for the release of vehicle from the police.
- £670.40 difference in insurance premiums.
- £430 for the specialist insurance policy to recover the vehicle.
- £30 petrol cost to collect vehicle from storage.
- £28.19 train tickets to attend court.

They should add 8% simple interest from the date these costs were paid until they are refunded.

- esure Insurance Limited should also pay £300 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 11 June 2025.

Stephen Howard
Ombudsman