

## **The complaint**

Miss Z has complained that esure Insurance Limited unfairly cancelled her motor insurance policy.

## **What happened**

In August 2024 Miss Z received letters from two insurance providers, which I'll refer to as providers A and H, in which they said that they had cancelled her motor insurance policies. Miss Z hadn't taken out policies with those providers. She notified Action Fraud, which gave her a reference number. Providers A and H then removed the records of the policies cancellations against her.

In September 2024 Miss Z took out a policy with esure. It later wrote to her to tell her it was cancelling her policy. It said it was doing so because when she took out the policy she had told it that she hadn't had a previous motor insurance policy cancelled. But it said that esure itself had cancelled two policies in her name in August 2024.

Miss Z complained to esure. She said she was unaware of the policies esure had cancelled and told it about the other policies with providers A and H. esure didn't uphold her complaint. It said that when validating one of the cancelled policies it had received copies of Miss Z's driving licence and an active DVLA access code. It said this indicated that she was at least complicit in making the policy applications.

Miss Z brought her complaint to the Financial Ombudsman Service. Amongst other things she said that, because of the policy cancellation, she'd had to pay a higher premium for her replacement policy.

One of our Investigators looked into the complaint. She didn't think esure had dealt with Miss Z fairly. She noted that it had cancelled the recent policy without giving Miss Z the chance to explain. The Investigator thought it would be strange for Miss Z to take out three policies at the same time. And that she'd apply for another policy with esure in the knowledge that it had already cancelled two other policies. To put things right the Investigator recommended that esure should: reimburse Miss Z for the difference between the cancelled esure policy and her replacement policy; add simple interest at 8% to that sum; and pay Miss Z £250 compensation for her distress and inconvenience.

Miss Z accepted our Investigator's complaint assessment, but esure didn't. It said it remained satisfied that Miss Z was complicit with the applications for the cancelled policies.

## **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.

Miss Z believes she's been the victim of an identity theft, whereby a fraudster has used her identity to apply for a number of insurance policies, using her as the main applicant and another individual as the named driver on the policy. She's shown evidence of having

reported the issue to Action Fraud. She also told DVLA about someone obtaining an access code using her details. DVLA has taken action to try to prevent that from happening again.

In contrast esure believes that Miss Z is *complicit* in acts of 'fronting'. Fronting is where an individual tries to obtain a cheaper insurance policy by saying that someone other than themselves is the main policyholder and driver and adding themselves as a named driver.

When looking into Miss Z's complaint, in internal communications, esure has referred to actions on one of the policies it eventually cancelled in August 2024. In particular it noted that, when validating the policy, it emailed some questions. As well as asking for some pieces of information, it commented that the same device had been used to apply for a number of other policies and asked for an explanation about that. The replies it received included copies of a P45 from Miss Z's employer, the front and back of Miss Z's driving licence and a working DVLA access code. The accompanying email, supposedly from Miss Z, said that the applicant had used the same device to apply for policies for four friends.

When looking into Miss Z's complaint esure noted that documents supplied with the cancelled policy could have been stolen. But to obtain a working DVLA access code required Miss Z's national insurance number (NINO), which it believed Miss Z herself must have provided. It said that the working DVLA access code together with "*the story of assisting friends with insurance*" persuaded it that Miss Z was, at least, complicit in the act of fronting. Having thought carefully about esure's position, I disagree.

I think it's worth first pointing out that esure cancelled Miss Z's policy without doing any detailed investigation. It didn't ask her if she could provide an explanation for why someone other than herself could have had access to her personal information. Nor did it ask her if she had any knowledge of the people that it believed she'd done the fronting for.

I'll explain that an insurer taking action to cancel a consumer's motor insurance policy can have significant consequences for the policyholder concerned. That's because many insurers will see an individual who's been the subject of such a cancellation as a high risk. And some insurers will refuse to insure an individual in those circumstances or will only do so for an inflated premium. So insurers must have robust reasons to cancel a policy before it takes that action. In Miss Z's case, I don't think that esure had sufficient evidence to take that action when it did. And at the very least it should have done some further investigation and heard Miss Z's side of the story before cancelling her policy.

Miss Z believes she's been the victim of identity theft. And it's entirely possible that a thief has hacked into one of her devices and found copies of her driving licence and P45. esure itself had asked for these things to be submitted by email. So it should have realised that such evidence can be found stored on people's computers and phones, which means it is vulnerable to theft by hackers. In those circumstances, Miss Z might have been entirely unaware that her personal information had been taken.

It seems that the email address esure corresponded with on the (later) cancelled policy was not Miss Z's own email address, but an address which appears to belong to one of the named drivers. Given that, I can't say for certain that it corresponded with Miss Z directly, but it seems more likely than not that it didn't. And it seems entirely plausible that the person esure corresponded with was the identity thief themselves or an accessory to the theft who's tried to benefit by using Miss Z's information. And it was from this email address, not Miss Z's, that the person said they'd used the same device to apply for four policies for friends. That's relevant here, as it means the 'story' did not come directly from Miss Z herself but from a third party who replied to the information request.

It's also worth pointing out that esure has not claimed Miss Z applied for her own policy, which didn't have a named driver on it, from the same device. This could either be because esure hasn't looked into this possibility, which, in my opinion, would be an entirely reasonable line of enquiry. Or, if it has looked into this, it hasn't thought about the fact that Miss Z's policy was taken out from a different device in the context of the wider conclusions it had reached. Either way, I can't fairly say that esure's investigations were sufficient here.

Further esure itself noted that the copies of Miss Z's P45 and her driving licence could have been stolen. But it said that didn't explain how the working DVLA code was provided as Miss Z's NINO would be required in order to obtain that. But, I note the P45 supplied around the same time as Miss Z's driving licence had her NINO clearly printed on it. So, a thief who was in possession of copies of Miss Z's driving licence and P45 would have had access to all the information required to apply for and obtain a working DVLA code. But it seems that esure entirely overlooked this possibility.

Finally, I agree with our Investigator that it's extremely unlikely that Miss Z would have applied for a policy from esure if she'd have been aware that it had already cancelled two previous policies. As she would almost certainly have known that, having cancelled two policies previously, it would also cancel the most recent one. And that would cause her additional problems.

For all of the reasons set out, it follows that I think that esure cancelled Miss Z's policy without sufficient evidence to do so. So I think it's fair that it now takes the action I've set out below.

### **Putting things right**

In order to put things right esure must:

- Pay Miss Z the difference in cost between her esure policy and the new policy that she purchased. Any refund will be dependent on the policies having similar levels of cover.
- Add 8% simple interest to the above refund from the date Miss Z paid for the policy to the date it refunds her.
- esure should remove the record of all the cancellations against Miss Z from external records.
- Write to Miss Z to confirm that it had cancelled her policy in error so she may show this letter to future insurers if required.
- Pay Miss Z £250 compensation for the distress and inconvenience its premature cancellation and refusal to reverse this decision has caused her.

### **My final decision**

For the reasons set out above I uphold this complaint. I require esure Insurance Limited to take the steps set out under the heading of 'putting things right' above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Z to accept or reject my decision before 3 June 2025.

Joe Scott  
**Ombudsman**