

The complaint

Mr M complains about how esure Insurance Limited (esure) dealt with a claim under his motor insurance policy for damage to his vehicle following an accident. Specifically, Mr M is concerned at the time taken to issue a settlement for the total loss of his vehicle to the finance company (M) from whom Mr M leased his vehicle.

References to esure in this decision include their agents.

What happened

Mr M had a motor insurance policy with esure, covering a leased vehicle from a lease company (M). In December 2022 a named driver on Mr M's policy had an accident in the vehicle. Mr M contacted esure the same day to tell them about the accident. esure arranged for the vehicle to be inspected, following which they deemed it a total loss (January 2023). They asked Mr M for various documents relating to the vehicle, including a settlement figure for the vehicle from M. The finance settlement details were provided, including BACS details for the settlement payment to be made to M, or an address to which a cheque settlement should be sent (if necessary). Mr M anticipated the settlement would be made swiftly so, needing a vehicle for work, took out another vehicle lease in January 2023.

esure calculated a settlement figure of £10,633 for the vehicle, being the market value less the policy excess of £600. However, esure issued a cheque but sent it to the wrong address. M advised in March 2023 they hadn't received the settlement, so esure cancelled the cheque and sent another cheque – but again to the wrong address. M told esure this was the wrong address, providing the correct address again. After further chasing and email exchanges, the settlement cheque was sent to the correct address in July 2023. But this wasn't received by M, and they informed esure of this in August 2023.

Following further contact attempts, M asked esure to make the settlement via a BACS transfer, in order to resolve the matter quickly, as Mr M was experiencing financial difficulties from having to make lease payments for both the original vehicle (as M hadn't received settlement for its loss) and the replacement vehicle. Which meant Mr M was unable to maintain the payments on the original vehicle. In turn, this affected his credit rating. M provided the same BACS details they'd first provided in January 2023 and then again in January 2024. A BACS payment was raised in March 2024, but to a different account number to the one provided by M. A payment by BACS was issued in August 2024 to the account details provided by M.

Unhappy with the delays in the settlement being made, Mr M complained to esure in November 2023. But esure didn't respond to his complaint, other than a standard response in April 2024 and a further response apologising for the delay in May 2024. As esure weren't able to respond to the complaint within the eight week period businesses have to respond to consumer complaints, they told Mr M he could bring his complaint to this Service.

Mr M then complained to this Service in August 2024. He said he needed his vehicle for work, so he took out a lease on another vehicle in January 2023, paying £344 per month. But as the claim for the loss of his previous vehicle hadn't been finalised, he also had to pay

the lease costs of that vehicle, at £266 per month. He was only able to do this for nine months, by when he expected his claim to have been settled. Having to stop payments affected his credit rating and financial position. esure hadn't responded to his complaint, other than a standard response in April 2024 and a further response apologising for the delay in May 2024. He wanted his claim settled and if payment had been made, this need to be communicated to M so he could be reimbursed for the payments he'd continued making for his original vehicle. He wanted compensation for the impact of what happened.

Our investigator upheld Mr M's complaint, concluding esure hadn't acted fairly. The investigator noted esure had offered £150 compensation to Mr M for what happened, and his complaint not being responded to. Mr M didn't think this reflected the situation he had been put in and the time taken for the settlement for his vehicle to be issued and received (by M).

The investigator noted esure had the correct details for the settlement to be issued in January 2023, but for a variety of reasons, the payment wasn't correctly issued until August 2024. While part of the period (between July 2023 and August 2023) wasn't something for which esure could be held responsible, the investigator concluded the rest of the delay was due to esure and was unreasonable, causing Mr M significant distress, including financial distress. Nor had esure kept Mr M informed during the period. While Mr M had confirmed the issues with having to make payments for two vehicles had been resolved, his credit rating had been affected for a period and he'd spent a significant time trying to resolve matters.

To put things right, the investigator concluded esure should pay Mr M £1,150 compensation for distress and inconvenience.

While accepting there had been errors and delays, esure responded to say they thought the recommended compensation seemed excessive. They'd raised the settlement payment to M at the address on file in January 2023 but weren't advised until a few months later the payment hadn't been sent to the correct address. And when payment was sent again, it hadn't been received by M – something esure felt they couldn't be held fully responsible. They offered £750 compensation to resolve the complaint.

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.

My role here is to decide whether esure have acted fairly towards Mr M.

The key issue in Mr M's complaint is the delay in esure making the settlement payment for the total loss of his vehicle. The settlement figure was calculated in January 2023 but, for the reasons outlines above, the payment wasn't correctly issued until August 2024, some 18 months later. Mr M took out a second vehicle lease in January 2023, anticipating settlement for his previous vehicle would be made swiftly. But the delays meant his having to make payments on two vehicle until he could no longer afford to do so, affecting his credit rating as well s his emotional and financial health. Esure say they can't be held responsible for all of the delays, offering (in response to our investigator's view) £750 compensation. In considering this case, I've looked closely at the sequence of events summarised earlier. Following the vehicle being deemed a total loss by esure, I can see that M provided esure with a settlement figure for the vehicle in January 2023. Where a vehicle subject to total loss is leased from a finance company by the policyholder, the policy provides for the settlement due for the vehicle to be made direct to the finance company, who provide a settlement figure to the insurer. The email from M to esure in January 2023 confirms the settlement figure for the vehicle is £10,633 (based on the date of the accident leading to the vehicle being deemed a total loss). The email accepts that any policy excess would be deducted

from the settlement figure. In this case the policy excess was £600, so the net settlement figure due to M would be £10,033. The email also provides bank account details should the settlement be paid by bank transfer (BACS) and address details should the settlement be paid by cheque.

So, I think it was clear in January 2023 what the required settlement due to M was and the appropriate details for settlement to be made, either by BACS transfer or by cheque. And as I've seen no indication there was any dispute or disagreement over the amount of the settlement, it should have been straightforward for esure to have made the settlement promptly after they had the necessary information from M in January 2023.

However, that didn't happen, and I can see evidence of M chasing esure for the settlement through the first half of 2023, including confirmation that esure sent the cheque payment to the wrong address (M provided the same, correct address to which the settlement should be sent in May 2023). I can also see an email from esure (also in May 2023) that indicates they sent the cheque to the wrong address. I can see further chasing emails from M to esure in July and August 2023. Then further chasing from M through Autumn 2023, which also confirms Mr M is having to continue lease payments for the vehicle, as M cannot terminate the lease agreement until they have received settlement for the vehicle.

Further correspondence between M and esure follows into 2024, with esure's case notes indicating three cheques for settlement were issued but subsequently cancelled as they weren't received or cashed. And a BACS payment in March 2024 was made to the wrong account. A further BACS payment was raised (to the correct account) in August 2024. Mr M has provided a copy of an email from M in October 2024 which confirms receipt of the settlement amount from esure and a corresponding credit of the lease payments made following the vehicle being deemed a total loss (from the date of the accident). Mr M has also confirmed his credit record has been amended to reflect this settlement.

Looking at the sequence of events, it's clear that had esure made settlement correctly to one of the options provided by M in January 2023, the case would have been settled much sooner than it was. In the event, it took over 18 months for the settlement to be issued to the correct address (BACS payment in August 2024). During this time, Mr M continued to make payments under the original lease agreement. While these payments were ultimately a matter between him and M (and refunded) had esure made payment of the settlement correctly in the first place, the payments wouldn't have been necessary.

And while I can't hold esure responsible for cheques issued that weren't received, they are responsible for sending them to the incorrect address (an address they had on their systems, not the one provided directly to them by M). Had they issued the cheque and sent it to the correct address, it's more likely it would have been received and the case resolved in early 2023 – not the second half of 2024. And esure are also responsible for crediting the first BACS payment to the wrong account, not the account details provided by M.

So, I've concluded esure caused significant, avoidable delays in their settlement of the claim. In turn this caused significant distress and inconvenience to Mr M over a period exceeding 18 months, when the matter should have been resolved in early 2023. So, esure haven't acted fairly and reasonably towards Mr M because of this.

I've then considered what esure should do to put things right. Given my conclusions on what happened, I think esure's actions have caused substantial distress, upset and worry to Mr M over a sustained period, with the impact felt for over 18 months from the time esure should have been in a position to make the settlement payment correctly. Mr M not unreasonably anticipated the settlement being made promptly, particularly as there doesn't seem to have been any dispute over the amount of the settlement and esure were aware of it in January 2023. Needing a vehicle for his work, I understand his taking out a second lease when it was reasonable to assume settlement would be made on his original vehicle. And while he has

now been credited with the payments he made towards the vehicle, he shouldn't have been in the position to make them had esure acted fairly and reasonably to make the settlement when they should have done.

Mr M has described the impact on his financial and emotional wellbeing, and I don't have any reason to doubt the significant impact he's described. He also had to chase esure during the period, as did M, and esure's case notes don't indicate any sense of urgency in understanding of the position Mr M was put in by their failure to make the settlement payment promptly.

Taking these points into account alongside the published guidelines on awards for distress and inconvenience published by this Service, I don't consider esure's initial or revised offer of compensation (£50 and £750 respectively) are sufficient. I've concluded £1,150 would be fair and reasonable.

My final decision

For the reasons set out above, it's my final decision to uphold Mr M's complaint. I require esure Insurance Limited to:

- Pay Mr M £1,150 compensation for distress and inconvenience.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 June 2025.

Paul King
Ombudsman