

The complaint

Mrs F and Mr F complain about the way esure Insurance Limited (esure) handled a total loss claim they made on their motor insurance policy.

Mrs F has acted as the main representative during the claim and complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, as those of 'Mrs F' throughout this decision.

What happened

The background to this complaint is largely uncontested – so I'll only provide a summary of what I think are the key events.

Mrs F's car was involved in a non-fault accident in September 2023 when it was hit by a third-party driver whilst parked. Mrs F contacted esure to report the accident and register a claim. Unfortunately, the claim was registered against another car Mrs F owned and insured – and this resulted in a delay in processing the claim as well as an increase in the premiums for that other vehicle (although no additional sum was ultimately paid).

Mrs F's vehicle was declared a 'total loss' – because esure considered the cost of the repairs and said they exceeded its value. Mrs F was paid a settlement sum for the value of her vehicle as part of the claim. But Mrs F said she was still paying her policy's monthly direct debit payment during this time. And when she spoke to esure to query this – she was given conflicting answers about what was owed – eventually being told £100 was due.

Mrs F was unhappy with how esure had handled her claim and raised a complaint. She said she was upset with how she'd been treated, and she'd had to progress her claim herself – despite being given incorrect information on numerous occasions. In response to Mrs F's complaint, esure agreed that their service had fallen short of what was expected and there had been delays and confusion caused. They offered £30 as a gesture of goodwill. But Mrs F felt this was unfair and brought the complaint to this Service.

While the complaint was being considered, esure made an offer to increase their compensation award to £200, backdate the policy cancellation to the date of the claim and remove any markers added to Mrs F's credit report. But Mrs F didn't agree with the compensation sum offered. She said the offer wasn't in line with the impact of the customer service she'd received and the claim failings. And she said while esure had refunded some of her policy's premiums – she felt that she should be receiving more.

An Investigator looked at what had happened and recommended the complaint be upheld. He said esure should calculate the refund of premiums owed under the policy and make an additional payment if one was due. And he felt that esure should increase their compensation payment to a total of £550 to account for the distress and inconvenience caused to Mrs F.

In response to the Investigator's findings, esure said they had provided the correct level of premium refund by backdating the policy cancellation to the date Mrs F's vehicle was

declared a total loss – which had already been paid to Mrs F. But they disagreed with the Investigator to increase the compensation payment to £550 and said the policy's direct debit payments stopped in January 2024 so any impact would be minimal. They felt their original compensation offer was fair in the circumstances.

Mrs F also disagreed with the Investigator's findings. She felt that her concerns hadn't been fully addressed and she disagreed with esure's calculations for her premium refund and said she'd been told she should be refunded from the date of the accident. Mrs F also felt that her complaint points around her credit score being impacted as a result of her direct debit failing before she cancelled it hadn't been addressed.

I issued provisional findings on this complaint and I said the following:

"I want to start by explaining I won't be repeating the entirety of the complaint history here in my decision or commenting on every point raised. Instead, I've focussed on what I consider to be the key points that I need to think about in order to reach a fair and reasonable conclusion. This reflects the informal nature of this Service and our key function; to resolve disputes quickly, and with minimum formality. However, I want to assure both parties I've read and considered everything provided.

As the complaint currently stands, there appears to be two main issues that need to be decided. The first is how much esure should pay in respect of refunding premiums paid, and the second is the impact on Mrs F's credit report as a result of esure continuing to request the monthly payments. While I can see esure have issued a separate final response in August 2024 which address the credit report issue; I'm going to include this as part of my decision on this complaint, because I consider them to be related to the initial problems Mrs F raised.

I also don't intend to make an extended finding on these issues as I note the complaint history is largely uncontested. In brief, esure have confirmed they recorded the claim against the wrong vehicle which meant there were delays in dealing with the claim. And they've also said that the policy should have ended at the point Mrs F's vehicle was declared a total loss.

This means I don't need to make a finding on whether esure have acted unfairly, because they have already confirmed they made a mistake. Instead, I need to consider what the impact of the mistake was and what steps they've taken to address this. I'll consider each point in turn below for ease of reference.

Premium refund

I've considered the calculations both parties have provided in respect of how much the premium refund should be. The calculations are largely the same, except esure has calculated the total premium against 365 days of cover to produce a daily figure of £1.17 – whereas Mrs F has calculated this sum using a breakdown of September 2023 to produce a daily sum of £1.19. Mrs F also says the refund should be from date of the accident, whereas esure says the refund is due from the date the vehicle was written off.

Having considered these calculations, I'm satisfied that esure's breakdown produces a fair and reasonable outcome here. I find that the refund should run from the date the vehicle was declared a total loss – because until the vehicle is determined as being repairable or not, it wouldn't be fair to end cover. As such, esure needed to refund £132.93 in respect of premiums paid. I understand this has now been refunded, so there is nothing further for esure to pay here.

Impact on credit score

Mrs F has outlined how her credit score was impacted as a result of esure continuing to try and take her monthly direct debit after the claim was settled. She says she cancelled the direct debit in January 2024 and while esure have confirmed no further payments were taken after this date – they did continue to attempt to take them until the policy expired in July 2024. Mrs F has provided a copy of an email from May 2024 which outlined a recent credit application had been declined. Mrs F has also provided a screenshot of her credit score which shows it declined by 71 points since May 2024.

It is difficult for me to say that the declined credit application can be attributed solely to the payment markers esure were adding. I say this because without any underwriting criteria or details of Mrs F's full credit report – I can't fairly conclude that esure's actions were the sole reason for the declined credit application. I also haven't been provided any evidence of a tangible loss Mrs F incurred as a result of the declined application in any event.

However, I do recognise esure's adverse markers had the ability to cause some impact here – and I also acknowledge that Mrs F would have been caused some distress and inconvenience by this in the overall scheme of the complaint as well as esure's recovery efforts. So, I agree that esure should pay a sum of compensation in respect of that distress and inconvenience caused – and I'll include this in my findings below when considering the total amount I'm minded to award.

What was the impact

An ongoing motor claim comes with a certain level of frustration and inconvenience, so I would expect there to be some disruption as part of the normal claims process. But I think it's clear that esure's handling of this claim fell below the standard Mrs F could reasonably expect. From looking at the timeline, the total loss settlement was concluded relatively quickly from the initial incident. And esure should have been able to conclude the policy at that stage and end any further disruption Mrs F experienced as a result of esure's actions.

But because this didn't happen, not only did Mrs F have to spend a lot of time sorting the issues out, but she also had recovery efforts being made for monthly direct debit payments which she said impacted her credit report month by month. I have no reason to doubt Mrs F would have experienced an additional level of distress and inconvenience trying to sort the situation out. And while I haven't detailed everything here, I've considered Mrs F's testimony about how she was affected, and I'm satisfied esure should pay a sum of compensation to acknowledge the impact their actions had on her.

Putting things right

A compensation award isn't intended to fine or punish a business, it's to recognise the impact a business' actions have had on their customer in a particular complaint. This Service's approach to compensation awards requires me to think about what amount would be fair by taking into account how I consider Mrs F was affected. I've thought about the impact to Mrs F and I think esure's handling of the claim caused substantial distress, upset and worry, over a sustained period, with the impact felt over many months.

I've thought carefully about the level of compensation I would consider fair in this situation. Based on what has happened, esure made an offer of £200 compensation in the original final response, and I can see the Investigator has recommended esure increase this by a further £350. And esure then made another offer of £100 compensation in respect of the impact to Mrs F's credit report. I've thought about whether esure's overall compensation offers are enough to reflect the impact on Mrs F of the shortcomings in their service. I don't think they are – but I also think the Investigator's recommendation is excessive in the circumstances – given the impact to Mrs F was not monetary but largely due to inconvenience. I've weighed up Mrs F's testimony, the available evidence, and the duration of the incident. Overall, I consider a total sum of £400 is a fair and reasonable amount of compensation.

While I appreciate this amount is not what Mrs F might hope for and that this may not fundamentally change matters for her - I consider this to be in line with the level of compensation appropriate to these issues and the evidenced impact on Mrs F. And I'm satisfied this award is in line with this Service's approach to compensation and produces a fair and reasonable outcome in the circumstances of this particular complaint."

I concluded that I was intending to uphold this complaint and would direct esure Insurance Limited to refund £132.93 in respect of premiums paid, remove any adverse credit report markers, and pay a total of £400 compensation for distress and inconvenience (less any sums already paid).

I invited both parties to respond to my provisional findings. Esure replied and confirmed they agreed with my findings and had already refunded £132.93 in respect of premiums paid as well as removing adverse credit report markers. They said they would raise an additional £300 compensation if the same was agreed by Mrs F.

Mrs F also responded to my findings and outlined again that her credit score had been severely affected by esure's errors and this resulted in her being declined a credit card. She provided evidence which showed her score had increased by 248 points on the day that esure corrected their mistake.

As both parties have now provided their response to my provisional findings, I will now outline my final decision to this 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.

As I explained previously, I do acknowledge that Mrs F's credit score would have been impacted (which would have been distressing) but I haven't been provided with any evidence to satisfy me that it can be shown Mrs F's declined credit card application can be attributed solely to the payment markers esure were adding. I also haven't been provided with any information about any impact of the declined application. For example, if a customer wanted to take out a 0% credit card but was unable to and instead had to borrow money at a higher interest rate, my approach may have been to consider that additional interest cost as part of any financial redress award I decided to make. But without anything to demonstrate that the declined application caused a further loss, there's nothing for me to make a monetary award for.

I note that neither Mrs F nor esure provided anything further for me to consider as part of their respective replies to my provisional findings. Therefore, I see no reason to depart from what I said previously.

My final decision

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

- Refund £132.93 in respect of premiums paid (if they haven't already);
- Remove any adverse credit report markers (if they haven't already);
- Pay a £400 compensation for distress and inconvenience (less any sums already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F and Mr F to accept or reject my decision before 22 May 2025.

Stephen Howard
Ombudsman