

## **The complaint**

Mr B complains about esure Insurance Limited ("EIL") and their decision to cancel his motor insurance policy following a missed payment.

## **What happened**

The claim and complaint circumstances are well known to both parties. So, I don't intend to list them chronologically in detail. But to summarise, Mr B held a motor insurance policy, underwritten by EIL, which he paid for on a monthly basis by direct debit. However, EIL were unable to collect Mr B's monthly payment for March and so, they issued him with a notice of default explaining the policy would be cancelled should the missed payment amount not be paid by mid-April.

Mr B completed a bank switch around the same time, which saw his direct debits transferred to his new account. Mr B spoke to his new bank, and he was satisfied the direct debit was in place and so, payment would be re-taken. So, he didn't contact EIL directly. But EIL didn't receive payment of the missed amount by the date set and so, they proceeded to cancel Mr B's policy. Mr B was unhappy about this, so he raised a complaint.

Mr B thought EIL's decision to cancel his policy was an unfair one. And he was unhappy with the service he received when he spoke to EIL about this, and their failure to reinstate his policy or set up a new policy with him over the phone. So, he wanted to be compensated for the above and confirmation provided that he wouldn't need to declare the cancellation to future insurers.

EIL responded to the complaint and upheld it in part. They explained why they thought they had acted fairly when cancelling Mr B's policy. So, they didn't offer to do anything more for this aspect of the complaint. But they accepted the service provided to Mr B when he called them was unreasonable, and they acknowledged the difficulty being unable to set up a policy on this call created. So, they offered to pay Mr B a total of £100 compensation to recognise the impact Mr B was caused by the above. Mr B remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and didn't uphold it. Both parties have had sight of the investigator's view, so I don't intend to relist it in detail. But to summarise, our investigator set out why they were satisfied EIL were fair to cancel the policy, considering the notice provided to Mr B. And, that EIL's offer of £100 was fair to recognise the service failures EIL had already accepted.

Mr B didn't agree, providing several detailed comments setting out why. These included, and are not limited to, Mr B's assertion that EIL's cancellation failed to meet the principles, set by the industry regulator the Financial Conduct Authority ("FCA"), around communication, lack of diligence and treating customers fairly. Mr B also set out why he felt EIL had failed to meet their requirements set out in the Insurance Conduct of Business Sourcebook ("ICOBS"), Current Account Switch Service (CASS) obligations and Consumer Duty, providing what he

felt was relevant caselaw applicable to his situation.

Our investigator considered all the points raised by Mr B, but their opinion remained unchanged. Mr B continued to disagree and so, the complaint has been passed to me for a decision.

### **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 won't be recommending EIL do anything more than they have already offered, for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Before I explain why I've reached this decision, I want to make it clear what I've been able to consider and more importantly, how. I note Mr B has referred to several pieces of legislation, case law and FCA rules that he feels supports his position. And I want to reassure Mr B I've read carefully through all his submissions.

But I also want to make it clear that our service is an alternative to the courts and so, we don't make legal determinations. Instead, it is my role to consider the service EIL provided, to decide whether I'm satisfied it was fair and reasonable. And I have done this within our service's informal approach, which means I don't intend to quote or comment on every comment and piece of legislation/ruling Mr B has raised.

As already understood and set out by Mr B in his comments, there is an expectation for an insurer such as EIL to provide a customer with appropriate notice of cancellation. So, I've considered the actions EIL took to decide whether I think appropriate notice was given, in a fair and reasonable way. In this situation, I'm satisfied it was. And I'll explain why.

EIL have provided evidence which shows that the missed payment was caused due to no active mandate being in place at the time they attempted to take payment. And they have explained in situations such as this, they wouldn't attempt to re-take payment. Instead, they begin the cancellation process. As there was no active mandate in place at the time, I'm satisfied this was a fair and reasonable approach for EIL to take.

I understand this lack of active mandate was likely caused by Mr B's bank switch which was processed around that time, which I recognise was outside of Mr B's control. And, I recognise Mr B's bank has provided him directly with conflicting information that all his direct debits were switched and active. So, I appreciate why Mr B is unlikely to agree with the above. But I've not been provided with evidence that supports the bank's position here. And even if I was, I'm satisfied there was no active mandate on the side of EIL's, and it is only EIL's position and level of service I'm able to consider within this decision.

So, I've then moved onto consider the steps EIL took within this cancellation process, including the clarity of information they provided.

In the first notice of default, sent to Mr B on 23 March 2024, I'm satisfied EIL make it reasonably clear the payment that had been declined and the steps he needed to take to avoid the cancellation of his policy.

And while I recognise Mr B has stated he spoke to his bank about this, I've seen no evidence to show he spoke to EIL as well, which I would have expected him to do. And while

I appreciate why Mr B would assume payment would be retaken after speaking to his bank, EIL did not state payment would be re-attempted. Instead, I'm satisfied it's made clear Mr B would need to contact EIL directly.

And I'm satisfied this was made even clearer to Mr B in the seven day notice letter sent to Mr B on 9 April 2024, more than two weeks after he was initially notified about the missed payment, which states clearly *"we recently wrote to you about a missed payment, and this is still outstanding"* before explaining that *"Please contact us to make this payment...if you don't get in touch, your insurance will be cancelled."*

So, even if Mr B did assume payment had, or would be, sorted through the direct debit mandate based on the information provided to him by the bank, I'm satisfied this follow up communication from EIL made it reasonably clear the onus was on Mr B to contact them to make payment. And, that the payment being requested was the same one, considering it was issued some time before his April monthly payment was due.

The communication also makes it clear how Mr B could contact them and crucially, when this payment needed to be made to avoid his policy being cancelled, as well as the actions that would be taken if no payment was received.

So, I'm satisfied EIL's communication regarding the cancellation was both fair, and appropriate, in line with our services expectations. And I'm satisfied EIL treated Mr B fairly in this regard, as he was given clear information with reasonable time to take action to avoid the cancellation, which I can't see evidence to show he did. So, I'm not directing EIL to take any further action regarding the cancellation of the policy.

I understand Mr B is unlikely to agree and again, I want to reassure him I've considered all the points he's raised, including his reference to different rules and regulations. I appreciate why Mr B feels EIL had a duty to understand why the payment was missed. But crucially, I can't say EIL failed or acted unfairly in this respect. EIL wrote to Mr B on more than one occasion requesting Mr B contact them to arrange payment of the missed amount. Had Mr B taken this action, EIL would have been able to obtain the reasoning for the missed payment from him directly. I would not expect EIL to investigate the cause for every singular missed payment from a customer's bank and I'm satisfied EIL were fair to wait for this to be provided by Mr B. And it was ultimately Mr B's decision to contact his bank, and not EIL, when he became aware a payment had been missed.

I then turn to the other complaint issues addressed in EIL's complaint response. I note they accepted their failures regarding the conduct of their call handler, and the difficulty a change in business system posed which prevented them from reinstating Mr B's previous policy, or setting up another policy, when he contacted them. As EIL have accepted they acted unfairly here, I won't be discussing the merits of these issues in detail. Instead, I've focused on what EIL should reasonably do to put things right.

### **Putting things right**

When deciding what EIL should do to put things right, any award or direction I make is intended to place Mr B back in the position he would have been in, had EIL acted fairly in the first place.

In this situation, had EIL acted fairly, his policy would still have been cancelled. So, I won't be directing them to remove any reporting of this cancellation or ask that they compensate him for the impact this caused him, both emotionally and financially.

But had EIL acted fairly, I would've expected them to treat Mr B fairly when he contacted

them to discuss his options after the policy had been cancelled. And ideally, I would've expected EIL to be able to arrange a new policy for Mr B, had he wanted to take one out and if EIL were still willing to provide one within their own underwriting criteria, considering the added risk a cancellation poses.

EIL offered to pay Mr B a total of £100 compensation to recognise the distress and inconvenience he was caused by their level of service, after he contacted them following his policy cancellation. And having considered this offer, I'm satisfied it's a fair one that falls in line with our services approach and what I would have directed, had it not already been put forward.

I'm satisfied it appropriately compensates Mr B for the inconvenience, and frustration, he would have felt when discussing his situation with EIL in what would have been a stressful and worrying time for him.

But I'm satisfied it also fairly reflects the fact that this appeared to be an isolated occurrence, that had limited impact on Mr B's overall position, considering my decision that the policy was cancelled fairly. So, as I've seen no evidence to show this payment had been made so far, this is a payment I'm now directing EIL to make.

### **My final decision**

For the reasons outlined above, I uphold Mr B's complaint about esure Insurance Limited and I direct them to take the following action:

- Pay Mr B the £100 offered in their complaint response, if it's not already been paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 4 June 2025.

Josh Haskey  
**Ombudsman**