

The complaint

Miss M complains about esure Insurance Limited's decision to settle an insurance claim and the basis they did so.

What happened

Miss M has a motor insurance policy, underwritten by esure. Unfortunately, in March 2025, her car was involved in a road traffic accident where she says she collided with a cyclist. So, she notified esure of this but says neither party intended to make a claim.

esure made a decision to contact the third-party (T) and made a settlement, recording it as a fault claim. They let Miss M know and informed her that her no-claims discount (NCD) would be impacted.

Miss M was unhappy with this. She said she was dealing with the matter privately and had made esure aware of this. She said it shouldn't have been dealt with as a claim and was unhappy with the financial implications of this. Especially as she felt the amount paid out (£500) was more than she was going to pay privately. She raised a complaint, but esure maintained their position.

Miss M brought her complaint to our service for an independent review. Our Investigator looked into it but thought esure had acted fairly. He said the terms of the policy made it clear esure had the ability to settle the claim how they saw fit. And in this situation, our investigator thought esure had acted fairly in the settlement and in their offer to Miss M to cancel the policy for free, pay £100 compensation and letting Miss M know that if she reimbursed their costs, they would record the claim as notification only and reimburse her NCD.

Miss M didn't agree. Amongst her points in reply, she said they hadn't acted fairly, and she had suffered financially because of this.

As Miss M didn't agree, the complaint has been passed to me to decide.

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'm not upholding the complaint 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.

First, I want to empathise with Miss M. She was trying to do the right thing by informing esure and in her mind that matter was being sorted privately. However, for me to say esure should reconsider the claim or do something more than they already have, I need to be satisfied LV have done something wrong. So, I'd need to be satisfied they failed to act within the terms and conditions of the policy Miss M held when settling the claim as they did. Or, if I think they did act within the policy, that they acted unfairly when doing so. And in this situation, I don't think that's the case.

I've seen the terms and conditions of the policy, and this explains within the policy booklet that esure *'have full discretion in the settlement of your claim or any legal proceedings which may arise and we may take over, defend or settle, or take up the claim in your name for our own benefit.'*

So, I think esure had the authority through the policy to take over and settle the claim as they wished, with or without Miss M's agreement. So, I don't think I can say they've done anything wrong when ultimately taking the decision to settle the claim on a fault basis, despite Miss M's disputes and concerns.

But as I've explained above, as well as considering whether esure acted within the terms and conditions of the policy, I've also thought about whether esure acted fairly when doing so. They've explained they have a duty to investigate such an incident when a cyclist is involved and check their wellbeing. When doing so, it prompted T to initiate a claim and esure agreed to a settlement of £500. I haven't seen any evidence to suggest this amount was unreasonable (it was less than T was claiming the damage was). I am satisfied esure were entitled to settle this as they did and acted fairly in doing so.

Miss M has been made aware that if she reimburses esure their costs (£500) they will amend the claim to notification only (instead of fault) and refund her NCD (which has reduced from seven years to two). I think this is fair and Miss M should contact them directly if she wishes to accept this.

I agree with the investigator that esure should have kept Miss M informed when they were in discussion with T, why and what the outcome was. This led to a loss of expectation which she should be compensated for. However, I see they paid her £100 and offered for her to cancel her policy for free. I think this is fair and recognises the impact to her.

In summary, esure were acting fairly in communicating with T and they were entitled to takeover the claim and settle as they did. They should have dealt with communications better but have made a fair offer to put this right. They have also made a fair offer to Miss M for her to reimburse their costs, to reinstate NCD and remove the fault liability.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 27 October 2025.

Yoni Smith

Ombudsman