DRN-5628669

The complaint

Mr B complained about Esure Services Limited's mistake when he asked them to change the car on his motor insurance policy.

What happened

Mr B was insured with Esure Services Limited (esure). He then bought a new car and asked them to change the car on his policy to that new car. esure agreed and charged him an increased premium.

About seven months later the Driver Vehicle Licencing Authority (DVLA) notified Mr B that he had been fined for being without insurance. He called esure who admitted their mistake and apologised. They hadn't changed the car on his policy correctly, which meant that his original car remained on it, and his new car didn't show on the national motor insurance database as being insured.

esure did right away insure his new car, but the premium was much higher. Mr B said he felt that he had no choice but to accept that because of the urgency to get insured, but it meant he had to come up with the money unexpectedly without time to budget for it or to shop around to obtain a better quote. He said he was panicked to think that he had been driving his family without insurance over that period. He wanted esure to compensate him for the stress the situation caused him and the time it took to resolve it.

esure offered him compensation of £200 for their mistake and agreed to provide him with a letter of indemnity in respect of the period he had been uninsured. Mr B didn't think this was enough. After he brought his complaint to this Service, esure offered to refund his fine and to make other redress. Mr B didn't think this was enough and brought his complaint to us.

The investigator thought that the redress esure offered was fair. Mr B didn't agree and so I've been asked 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.

Mr B said he didn't know anything about esure's mistake until DVLA contacted him. He said he hadn't received any policy documentation from esure but because they were taking a new slightly higher premium for his policy, he assumed that they had changed the car on the policy, and he wasn't to know otherwise. When he discovered he'd been fined he felt shocked and worried that he had potentially exposed himself and his family to risk.

Mr B paid the fine of £50, reduced because he paid it early. esure offered to refund him that fine plus 8% interest from the date Mr B paid it, on evidence of payment. This was after he'd brought his complaint to us. And because esure didn't process the change of car correctly in May, they offered to refund the £77.30 they'd charged him for that, plus 8% interest from 10 May 2024 to the date of settlement. I think that this is fair.

But Mr B wanted esure to make a full refund of the premiums he paid during the about seven-month period he was uninsured for his new car, and of the extra premium he'd paid for about a three- month period after esure correctly insured his new car. However, as the investigator explained, Mr B's new car was a larger and more expensive type of car than his original car. So one would expect the premium to increase significantly from what he'd been paying, and that would likely be the case with any insurer. He would likely have had to pay much more than he was paying in respect of the original car and would have had to pay that higher amount from earlier, when he changed the car. I haven't been shown persuasive evidence that Mr B could have found a cheaper premium than esure's correct one at that point if he had shopped around. And because esure say that they have provided a letter of indemnity to cover Mr B for claims regarding his new car during the period he wasn't insured, they are effectively insuring him retrospectively. So I don't think it would be fair to expect them to refund the premiums he did pay.

esure have said that if Mr B remained unhappy with the higher premium and wanted to insure elsewhere, they'd only charge him for the time he was insured with them and would waive the policy cancellation fee, and I think that's fair too.

As the investigator explained, Mr B's policy documentation reminded Mr B to check that the information in it was correct and warned of the possible consequences if it wasn't.

The information wasn't correct, because it had Mr B's original car on it, not the new car. It says at the top "*Please check this document carefully, making sure everything's correct and that there's nothing missing. If anything looks out of place, please contact us via your Account immediately...…..We may have to reject or reduce any claim you make or even treat you as being uninsured if the details on your schedule are incorrect. If in doubt, reach out to us."*

esure's letter of 10.5.25 says *"Please check your updated schedule and certificate to ensure that all details are correct following this change. If they're not, let us know straight away. Incorrect information could lead to your policy being cancelled or claim being rejected or reduced."*

Mr B says he didn't receive these communications, and didn't follow esure up on them, so he didn't check the policy documentation. However he felt that because esure had admitted their mistake that wasn't relevant. But esure have shown us copies of these communications and I see that that the email address they had for him is correct. esure have also shown us evidence from their systems showing they were sent when esure said they were. So I haven't been shown that there was any mistake on esure's part about that. And that issue is relevant because the policy documentation made clear to Mr B that it was important to check that the information in it was correct. Such checking could have prevented the situation which arose.

Mr B also wanted esure to compensate him for the distress he felt when he discovered he'd been uninsured. I can see that this must have come as a shock to him and been upsetting, particularly since he has been in poor health. I appreciate that being unwell must have increased his worry about the situation and what might have happened. Nevertheless the worrisome situation was very quickly resolved by esure as soon as Mr B told them about it, on the day he found out about it. So as the investigator explained, it was very short time between Mr B finding out that he hadn't been insured, and esure correctly insuring him. And though he's worried about what could have happened while uninsured, esure have agreed to give him a letter of indemnity to cover any future claims which might arise against him during that period. That means they would cover any such claims as if he had been correctly insured all along. It's very fortunate that nothing adverse happened during that period, but I can't require esure to compensate him as if it did. I think that esure acted quickly to resolve the situation. This means that I think that esure's compensation offer of £200 does fairly reflect the level of stress and inconvenience involved. If Mr B decides to insure elsewhere and cancel the policy before the policy term ends, esure offered to charge him only for time he was insured with them and to waive the policy cancellation fee. I would expect esure to honour that.

Overall I uphold the complaint. But although I realise that this will probably be disappointing for Mr B, I think esure's settlement offer is fair.

My final decision

For the reasons I've given above, my final decision is that I uphold this complaint and I require Esure Services Limited to do the following:

- Reimburse Mr B the £50 fine he paid, on evidence of payment, plus interest on that amount at 8% simple from the date he paid it until the date they reimburse him.
- Refund Mr B the £77.30 policy change fee, plus interest on that amount at 8% simple from 10 May 2024 to the date they reimburse him.
- Pay Mr B £200 in compensation for his distress and inconvenience, if they have not yet done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 17 September 2025.

R. Scott

Rosslyn Scott
Ombudsman