

The complaint

Miss N and Mr N complain about delays from esure Insurance Limited (esure) in their handling of a claim under their motor insurance policy.

References to esure in this decision include their agents.

What happened

In April 2023 Miss N and Mr N's vehicle was involved in a collision with a third-party vehicle. They contacted esure to tell them about the accident and lodge a claim. However, esure initially recorded – wrongly – that Mr N (the policyholder) was driving at the time of the accident, when in fact it was Miss N (his daughter) who was a named driver on the policy. The error wasn't corrected by esure until November 2023.

esure inspected the vehicle and concluded the extent of the damage meant it was a total loss. As the vehicle was purchased through finance, esure asked Miss N and Mr N to obtain a settlement figure for the outstanding finance on the vehicle, which took some time. The settlement figure was £19,484.09 but this was greater than the total loss settlement offered by esure, being £16,203. This left a shortfall of £3,281.09 which the finance company required to be paid by Miss N and Mr N alongside the settlement from esure, before they would release title of the vehicle (to esure).

esure calculated their settlement figure based on their engineer's valuation of the vehicle of £19,594. However, when esure compared the mileage of the vehicle at the time of the accident to the mileage at the time of the previous MOT test (July 2022) the difference indicated the vehicle had travelled a significantly greater mileage than the estimated annual mileage Miss N and Mr N recorded when they took out the policy. This meant they made a misrepresentation of the information esure used to calculate the premium for the policy. The actual premium paid was £1,429.81 whereas had the estimated mileage been in line with the actual mileage travelled between the MOT test and the date of the accident, the premium due would have been £1,702.70.

This meant Miss N and Mr N had only paid 83.97% of the premium due, so esure applied proportionality to the settlement figure. That is, they offered 83.97% of the engineer's valuation ($83.97\% \times £19,594 = £16,453$). Applying the policy excess of £250 left a net settlement of £16,203.

As this left a shortfall compared to the finance company's settlement figure, esure asked Miss N and Mr N to make the shortfall payment, for them to make their total loss settlement, meaning esure didn't make payment until November 2023 (Miss N and Mr N continued to make finance payments during the period). As they didn't have use of the vehicle, they also incurred taxi costs, causing them financial difficulty.

Because of the length of time taken to settle the claim, as well as esure incorrectly recording Mr N as the driver at the time of the accident, Miss N and Mr N complained. They were also unhappy at a lack of communication from esure and being without their vehicle (or a settlement of the vehicle as a total loss) so they incurred costs of alternative transport (taxis).

esure upheld the complaint. In their final response they acknowledged the claim was incorrectly logged under Mr N's name and Miss N's request this was updated wasn't actioned at the time. esure acknowledged the impact this had on Miss N's father's insurance premiums. Notifying his insurer the claim had been updated to show Miss N was driving at the time of the incident should enable her father to receive a rebate on his premium. esure also acknowledged delays in communication regarding the payment resolution, vehicle retention and the finance, leading to additional expenses for Miss N and Mr N. esure apologised for the poor communication and delays and Miss N and Mr N having to chase for updates. While the settlement amount for the vehicle was paid to the finance company in November, esure accepted the service they'd provided wasn't good enough. In recognition of their shortcomings, esure awarded £250 compensation.

Miss N and Mr N then complained to this Service, unhappy at the impact of esure wrongly registering the claim against Miss N's father. They were also unhappy at esure's lack of response and communication and the service provided. And delays in settling the claim itself. They'd had to pay for multiple taxis, causing financial difficulty.

Our investigator didn't uphold the complaint, concluding esure didn't need to take any action. She thought Miss N and Mr N would have input an estimated mileage into the comparison website through which they took out the policy, which was confirmed in the policy schedule issued with the policy documents. The investigator thought it fair for esure to apply a proportionate settlement to the claim. The investigator also noted esure initially recorded the claim against the wrong driver but had subsequently corrected it. Considering the sequence of events, the investigator concluded esure couldn't be held responsible for all the delays in settling the claim. And while they had initially incorrectly recorded the claim against Mr N, it was likely any claim made under Mr N's policy (by Miss N as a named driver) would affect his premiums. Taking all the circumstances of the case together, she thought their offer of £250 compensation was fair

Miss N and Mr N disagreed with the investigator's view and asked that an ombudsman consider the complaint. They accepted they entered an estimated mileage (2,500) when taking out the policy, but that wasn't a deliberate misrepresentation and was within reason. And the vehicle finance agreement included a 10,000 annual mileage. So, the actual mileage of the vehicle was in line with the annual mileage in the finance agreement. She also said the date of the MOT test was before she acquired the vehicle, so esure's calculations were unfair as they included mileage incurred before she took out the policy. Miss N and Mr N also challenged esure trying to contact them about the finance settlement shortfall and didn't accept they were responsible for the delays in settling the claim. The delay in settling the claim led her to have to take taxis to and from work, at a cost of over £650 monthly (as well as having to continue to make the finance payments on the vehicle). They also said they hadn't received the £250 compensation awarded by esure.

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 Miss N and Mr N.

There are several issues in Miss N and Mr N's complaint. First, there's the settlement figure for the total loss of their vehicle, which was reduced proportionately as esure say they hadn't paid the appropriate premium for the mileage they incurred in the vehicle. This led to a shortfall in the amount compared to the finance agreement settlement figure, in turn leading to a delay in esure making settlement to the finance company. Linked to this there is the time

taken to arrive at the settlement, from the accident in April 2023 to payment of the settlement in November 2023. Miss N and Mr N are also unhappy at the lack of communication from esure over the period.

In considering the complaint, it's important to note my role isn't to assess the claim and the circumstances of the accident. It's to decide whether esure acted fairly and reasonably reaching their settlement of the claim and the time taken to conclude the claim.

I've considered carefully all the evidence available in this case, both from Miss N and Mr N and from esure. I won't comment in detail on every specific point, concentrating on those I think are most relevant to the case. Having done so, I've concluded esure did act fairly and reasonably in reaching their settlement offer. And while they acknowledge shortcomings in the handling of the claim and the service provided to Miss N and Mr N, I think their compensation award is fair and reasonable. I know this will be disappointing to Miss N and Mr N, so I'll set out the reasons why I've reached this conclusion.

On the first issue, the total loss settlement offered by esure, I've reviewed the application of proportionality by esure. Their engineer's report on the vehicle includes a market valuation of £19,594 which is based on industry valuation guide data for the make and model of the vehicle, which seems reasonable. However, the engineer's report notes the vehicle mileage at the time of the accident and estimates the annual mileage (from the preceding MOT) to exceed the annual mileage estimate provided by Miss N and Mr N when taking out the policy (the policy schedule records 2001 – 3000 miles).

Miss N and Mr N say it is unfair to use the preceding MOT mileage to calculate an estimated annual mileage as they only took out the policy some time after the MOT (so wouldn't have incurred the vehicle mileage between the two dates. However, they've provided no mileage figure(s) of their own to compare with esure's calculation, so I can't conclude esure's approach was unfair or unreasonable.

esure apply their mileage estimate to calculate what would have been the premium due had the estimated mileage been recorded as the actual estimated annual mileage. As set out above, esure calculated Miss N and Mr N had only paid 83.97% of the premium that would have been due, so applied this percentage to the engineer's valuation figure, to arrive at their settlement figure (after deducting the policy excess). The policy provides for claim to be settled proportionately in these circumstances, so I've concluded esure acted fairly and reasonably within the policy terms when applying a proportionate settlement.

However, this mean the settlement offered by esure was less than the settlement amount under the finance agreement. Where a vehicle is being purchased under a finance agreement then the policy provides for any total loss settlement to be paid to the finance company. Where the settlement exceeds the finance agreement settlement figure, any balance is payable to the policyholder. Where the settlement is less than the finance agreement settlement, then the policyholder (as in this case) must make good the shortfall. In this case the finance company wouldn't release title to the vehicle (which would be to esure) until they received payment of the shortfall from Miss N and Mr N.

I can see from esure's claim notes they advised Miss N and Mr N of the shortfall (June 2023) and that they would need to discuss it with their finance company and that it would need to be settled before esure could make their settlement payment (to the finance company). Esure's claim notes subsequently record their checking with the finance company, but the shortfall hadn't been paid (July 2023). Further delay was caused by Miss N and Mr N saying they wished to retain the vehicle (August 2023) and further chasing email to Miss N and Mr N (October 2023). Payment of the settlement amount was made by esure in November 2023 (Miss N and Mr N having elected not to retain the vehicle).

Looking at the sequence of events, I don't think it was unreasonable for esure to withhold payment of the settlement amount until Miss N and Mr N had paid the shortfall, given what the finance company said about only releasing title to the vehicle when both the shortfall payment (from Miss N and Mr N) and esure's settlement had been received. And I can't hold esure responsible for Miss N and Mr N not making the shortfall payment to the finance company. So, I don't think esure can be held responsible for [all] the delays in esure making their settlement payment to the finance company.

Miss N and Mr N accept they entered an estimated mileage (2,500) when taking out the policy, but that wasn't a deliberate misrepresentation and was within reason. And the vehicle finance agreement included a 10,000 annual mileage. So, the actual mileage of the vehicle was in line with the annual mileage in the finance agreement. However, the two are not the same thing. The mileage of the vehicle under the finance agreement is a matter for Miss N and Mr N and the finance company, not esure. esure could only price the motor insurance policy based on the estimated annual mileage provided by Miss N and Mr N when they took out the policy, which was substantially less than the annual mileage limit under the finance agreement. And substantially less than the estimated mileage of the vehicle calculated by esure based on MOT records and the actual mileage of the vehicle at the time of the accident. So, I've not persuaded by Miss N and Mr N's argument.

While I've reached these conclusions, I've also considered the other key issues raised by Miss N and Mr N. The first of which was the time taken to assess the claim and then settle it, as well as the lack of communication from esure. esure acknowledge delays in communication regarding the payment resolution, vehicle retention and the finance, and Miss N and Mr N having to chase for updates. Looking at the evidence available, I agree esure's communication should have been better, and there are periods during the claim journey where little appears to be happening.

Esure have awarded £250 compensation for these shortcomings, which I've considered against the circumstances of the case and the published guidelines on awards for distress and inconvenience from this Service. I think the amount is fair and reasonable, so I won't be asking esure to increase the amount. Miss N and Mr N say they haven't received the compensation, which if it is the case then I would expect esure to now make the payment.

One other issue is esure recording the claim against Mr N when in fact Miss N was driving at the time. That have now been corrected (November 2024). That being the case, Mr N can use the corrected position to ask his current insurer to recalculate his premium and, if necessary, make a refund. But even though he wasn't driving at the time of the accident, the fact that it was a named driver under his policy is still likely to have an impact on his premiums. And Miss N would have to declare the claim (the accident) should she apply for insurance in her own right.

Taking all these points into account, I think esure have acted fairly and reasonably, so I won't be asking them to do anything further (other than paying the £250 compensation, if they haven't already done so).

My final decision

For the reasons set out above, it's my final decision not to uphold Miss N and Mr N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N and Mr N to accept or reject my decision before 3 September 2025.

Paul King
Ombudsman