

## The complaint

Mrs F complains about esure Insurance Limited (esure) cancelling her motor insurance policy.

Any reference to esure in this decision includes their agents.

## What happened

Mrs F had a motor insurance policy with esure which she took out in June 2024, at a cost of £440.72, to take effect in the middle of July 2024. esure subsequently carried out some validation checks on the policy, which involved them asking Mrs F for a copy of her driver's licence (and the licence of the named driver on the policy). The request was sent (by email and text message) on 1 July 2024 and said that if the requested documentation wasn't received by 8 July, the policy would be cancelled with effect from 1pm that day.

As esure hadn't heard from Mrs F by 8 July, they issued a further email and text message in the morning saying the policy would be cancelled later that day (1pm). Mrs F emailed back esure the same day (at 2.11pm) providing copies of the driving licence for herself and the named driver. However, she said her licence had expired and she was awaiting a replacement, which she would forward as soon as it arrived. She also provided the DVLA 'check codes' for both licences (which esure had also requested).

However, esure cancelled the policy. But they didn't send a confirmation of the cancellation. Mrs F only became aware of the cancellation when she subsequently received a cancellation of separate policy on a second vehicle she had access to, from a separate insurer.

She challenged esure's cancellation of her policy, but esure said (August 2024) they'd cancelled the policy as they hadn't received the documentation requested on time. They'd also issued a refund of the premium due (£414.72 net of a £26 administration fee) back to the card used to pay for the policy, on the same day.

Unhappy at what had happened, Mrs F complained to esure.

esure didn't uphold the complaint. In their final response they said she sent an invalid (expired) driver's licence when they'd requested documentation to validate her policy after she'd purchased the policy. esure had sent a valid notice of cancellation, giving the required seven days' notice and the reason for cancellation. They had communicated by email and text on 1 July 2024, stating that if they didn't hear from Mrs F by 8 July 2024, the policy would be cancelled later that day. As no documents were received, the policy was cancelled and a refund of £414.72 was issued.

Mrs F then complained to this Service. She said she'd sent her driving licence and a second document to esure by email on 8 July. She explained in her email that her driving licence had expired, and she was awaiting a new licence (which she provided to esure when she became aware of the cancellation of a policy with another insurer). She hadn't received confirmation of the cancellation from esure, or that her email didn't provide the necessary information. At the time her driving licence expired, she was heavily pregnant and at

cancellation she had newborn twins. She hadn't driven between January and August 2024, so renewing her licence hadn't been a priority.

What happened also meant she had been driving without insurance. And esure had provided a refund, less an administration fee. The cancellation of her second policy didn't attract a refund, meaning further financial loss. esure's cancellation (and the subsequent cancellation) also meant she now had a history of policy cancellations, limiting her options for future insurance (and its cost). She wanted esure to remove record of the cancellation of her policy and, preferably, reimbursement of her financial losses.

Our investigator upheld the complaint, concluding esure hadn't acted fairly. He set out the sequence of events leading to esure's cancellation of the policy on 8 July, as they hadn't received the requested documentation by the date (and time) requested. Mrs F emailed esure shortly after 1pm, explaining the situation with her expired driving licence. As she didn't receive a reply from esure, she'd assumed esure had the information they needed. The investigator thought it was fair for Mrs F to make this assumption. Looking at the policy terms and conditions, the investigator thought esure should have sent a cancellation notice setting out the reasons for the cancellation of the policy. Given Mrs F's assumption that esure had the information they requested, she was subsequently driving whilst uninsured. Given the seriousness of that position, the investigator thought esure should have confirmed the cancellation to Mrs F. esure accepted they shouldn't have applied the £26 administration fee

Because she hadn't been told the policy was cancelled, Mrs F had a second policy cancelled, without a refund as she hadn't told that insurer about esure's cancellation. Mrs F had subsequently obtained insurance with another provider, but at significantly greater cost. The investigator didn't think this was fair. Particularly given Mrs F's circumstances at the time with her pregnancy and birth of her twins.

To put things right, the investigator recommended esure remove the cancellation markers on both internal and external databases and provide a letter explaining her policy was cancelled in error, which she could take to her current insurers. On receipt of evidence, esure should also reimburse the cost of the policy cancelled by the insurer of her other vehicle, together with interest from the date of cancellation to the date esure reimbursed the sum. Esure should also refund the £26 administration fee (if they hadn't already) and pay £200 compensation to Mrs F.

esure responded saying they had no record of receiving an email from Mrs F on 8 July (at 2.11pm). They only had record of an email in late August 2024, to which they responded to confirm their cancellation of her policy. esure also said their emails of 1 July and 8 July were clear that if the documentation they requested wasn't received by 1pm on 8 July, the policy would be cancelled. Even if Mrs F had emailed them at 2.11pm on 8 July, this was after the 1pm deadline (and didn't provide the full documentation requested). esure also questioned why Mrs F wouldn't have been aware of the policy cancellation because of the refund that had been credited back to her. And she hadn't provided any further documentation to them before her enquiry following cancellation of her policy with another insurer.

Our investigator considered the points raised by esure but maintained his view. In response to his request, esure also provided information from their systems recording the cancellation of the policy (date and time). esure maintained their disagreement with the investigator's view, so the complaint has been passed to me to consider.

In my findings, I concluded the policy terms gave esure the right to cancel the policy if they didn't receive requested documentation and they gave the required seven days' notice of cancellation. But I also concluded it likely Mrs F did send an email to esure with the

requested information on the day of cancellation, just after the time esure gave for a response, but before their systems record the cancellation being effected. I also concluded it would have been reasonable for esure to have sent a formal confirmation of the cancellation after it took place. Taking these conclusions together, I concluded esure hadn't acted fairly and reasonably.

To put things right, I concluded esure should remove any record of the cancellation from internal and external databases. They should also issue a letter to Mrs F stating the policy was cancelled in error and refund the £26 cancellation fee (if they hadn't already done so). I also thought Mrs F could use the letter from esure to *contact the other insurer, with a view to their removing details of their cancellation.*

In respect of the non-refund of the premium for the second policy, I considered whether it would be fair and reasonable to ask esure to cover the non-refund, given the cancellation of the second policy was triggered by esure's cancellation of Mrs F's policy. It could be argued that esure should cover the non-refund of premium by the second insurer, as it was esure's cancellation that led to the second cancellation. However, I didn't think this would be reasonable, as Mrs F could use the letter provided by esure saying they cancelled her policy in error to take to the second insurer, both to ask them to remove record of their cancellation of the policy and to refund the premium they retained. That would also put Mrs F back in the position she was before esure's cancellation and the cancellation by the second insurer.

I also thought Mrs F could also request a similar letter from the second insurer saying her policy was cancelled in error (on the back of esure's initial cancellation in error). Mrs F could use both letters in combination to approach her current insurer (assuming they are separate again from esure and the second insurer) to ask them to recalculate her premium and refund and difference compared to what she would have paid had no cancellations been recorded against her.

I also considered the impact of what happened on Mrs F. As I thought esure cancelled her policy unfairly (which in turn led to the second cancellation) this would have caused her distress and inconvenience, particularly as she (or the named driver) would have been driving without insurance when unaware of the fact. That could have had serious consequences, should she be involved in an accident or stopped by the police. I've also considered Mrs F's personal circumstances. Taking these factors into account in the context of the published guidelines from this Service, I thought it fair and reasonable for esure to pay Mrs F £200 compensation for distress and inconvenience.

Because I reached different conclusions to those of our investigator, I issued a provisional decision to give both parties the opportunity to consider matters further. This is set out below.

*What I've provisionally decided – and why*

*I've considered 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 Mrs F.*

*The key issue in Mrs F's complaint is whether esure acted fairly and reasonably in cancelling her policy because she hadn't provided the documentation they requested by the date (and time) they specified. Mrs F says her circumstances were such that she was awaiting a replacement driving licence for her licence (which had expired). She had provided a copy of her expired licence, a copy of the driving licence for the named driver on the policy, together with the DVLA 'check codes' for both. She also maintains her personal circumstances meant*

*she hadn't been driving between January and August 2024 and her pregnancy (and birth of twins) meant it hadn't been a priority (the named driver had been driving).*

*esure maintain they acted correctly, giving due notice of the documentation they required and the deadline for its submission. Their communications had been clear that if the documentation wasn't received by the date and time they specified (in two emails) the policy would be cancelled. So, Mrs F was aware of what would happen if she didn't meet the deadline. She would also have been aware of the cancellation from the credit back to her card account in respect of the refund of the policy premium.*

*In considering the issues, I've first looked at what the policy provides for in respect of the cancellation of the policy, more specifically the rights of esure to cancel the policy. Section 12 Cancelling or renewing your cover includes the following statement:*

*"Our right to cancel your policy*

*We have the right to cancel your policy at any time by giving you 7 days' notice in writing where there is a valid reason for doing so. We will send our cancellation notice to the latest contact details we have for you and will set out the reason for cancellation. Valid reasons may include but are not limited to:*

- Where you are required in accordance with the terms and conditions of this policy to co-operate with us, or send us information or documentation and you fail to do so in a way that materially affects our ability to process a claim, or our ability to defend our interests. In this case, we may issue a cancellation letter and we will cancel your policy if you fail to co-operate with us or provide the required information or documentation by the end of the 7-day cancellation notice period;..."*

*Looking at the policy terms, I think they give esure the right to cancel the policy if they don't receive requested documentation. Validation of a policy after it has been purchased is a common feature of the insurance industry, so I don't think it was unreasonable of esure to seek to validate the details of the drivers [to be] covered by the policy. In this case Mrs F and a named driver (her husband).*

*And the email sent on 1 July by esure gives seven days' notice, referring to the policy being cancelled on 8 July if the requested documentation isn't received. So, I've concluded the appropriate notice was given.*

*The email includes reference to a specific time on 8 July (1pm) from which the policy will be cancelled if a response isn't received. A further email sent on the morning of the 8<sup>th</sup> also includes the same time deadline.*

*At this point, there's a difference of opinion between esure and Mrs F about what then happened. esure say they didn't receive the email Mrs F says she sent with the requested documentation. However, Mrs F has provided a copy of the email (which was also provided to esure as part of our investigation of the complaint). The email is addressed to the email address provided by esure for responses and contains the information requested. Given this evidence, I've concluded Mrs F did send the email to esure, and that it was received.*

*That being the case, then the issue comes down to the precise timing of the email. From the copy provided by Mrs F, it was sent at 2.11pm on the 8<sup>th</sup>. Which is later than the 1.00pm deadline set by esure. However, the evidence from esure from their systems indicates the cancellation wasn't actually processed until 3.34pm Which is after the email sent by Mrs F.*

*I've also considered whether the information provided by Mrs F met what esure required. She provided a copy of her photo driving licence, which had expired, and she was awaiting a replacement from DVLA. I don't think this is unreasonable in the circumstances, given what Mrs F has said about not driving between January 2024 and August 2024 due to her pregnancy and after the birth of her twins (by caesarean section). I've also noted she did provide the requested 'check codes' for the DVLA (which is a means by which a driver's entitlement to drive and any motoring offences can be checked). So, I've concluded the information provided could reasonably be thought to meet what was required – even allowing for esure saying they didn't receive it.*

*Another aspect is esure not sending a confirmation after the cancellation of the policy, that it had actually been cancelled. esure say it's clear from their requests that the policy would be cancelled if the documentation wasn't provided. However, given the timings involved, I don't think it unreasonable for Mrs F to assume her email provided the requested information – and that if esure weren't satisfied with it, they would have contacted her or sent a formal confirmation of cancellation. I think it would have been reasonable to have expected esure to have sent a formal confirmation of cancellation (including details of the refund due) so that there was no element of doubt.*

*Taking all these points together, I've concluded esure didn't act fairly in cancelling Mrs F's policy. Having done so, I've then considered what esure should do to put things right.*

*As I don't think they acted fairly in cancelling the policy, then esure should remove any record of the cancellation from internal and external databases. They should also issue a letter to Mrs F stating the policy was cancelled in error. They should also refund the £26 cancellation fee (if they haven't already done so).*

*In bringing her complaint to this Service, Mrs F said she only became aware of esure's cancellation of her policy when she had a policy in respect of a second vehicle cancelled by the insurer (which wasn't esure). I haven't seen details of the cancellation, but it appears the insurer cancelled the policy because Mrs F hadn't declared esure's cancellation. Mrs F has told us that the cancellation by the other insurer didn't attract a refund of premium. That's a matter for the other insurer, as is their separate recording of their cancellation against Mrs F (meaning two cancellations would be recorded against her, which is likely to impact significantly on her ability to secure insurance in the future, and the cost of cover). Mrs F could use the letter provided by esure to contact the other insurer, with a view to their removing details of their cancellation.*

*In respect of the non-refund of the premium for the second policy, I've considered whether it would be fair and reasonable to ask esure to cover the non-refund, given the cancellation of the second policy was triggered by esure's cancellation of Mrs F's policy. It could be argued that esure should cover the non-refund of premium by the second insurer, as it was esure's cancellation that led to the second cancellation. However, I don't think this would be reasonable, as Mrs F could use the letter provided by esure saying they cancelled her policy in error to take to the second insurer, both to ask them to remove record of their cancellation of the policy and to refund the premium they retained. That would also put Mrs F back in the position she was before esure's cancellation and the cancellation by the second insurer.*

*I also think Mrs F could also request a similar letter from the second insurer saying her policy was cancelled in error (on the back of esure's initial cancellation in error). Mrs F could use both letters in combination to approach her current insurer (assuming they are separate again from esure and the second insurer) to ask them to recalculate her premium and refund any difference compared to what she would have paid had no cancellations been recorded against her.*

*I've also considered the impact of what has happened on Mrs F. As I think esure cancelled her policy unfairly (which in turn led to the second cancellation) this would have caused her distress and inconvenience, particularly as she (or the named driver) would have been driving without insurance when unaware of the fact. That could have had serious consequences, should she be involved in an accident or stopped by the police. I've also considered Mrs F's personal circumstances.*

*Taking these factors into account in the context of the published guidelines from this Service on awards for distress and inconvenience, then I think it fair and reasonable for esure to pay Mrs F £200 compensation for distress and inconvenience.*

#### *My provisional decision*

*For the reasons set out above, my provisional decision is that I uphold Mrs F's complaint. I intend to require esure Insurance Limited to:*

- *Remove any record of the cancellation from internal and external databases.*
- *Issue a letter to Mrs F stating the policy was cancelled in error.*
- *Refund the £26 cancellation fee (if they haven't already done so).*
- *Pay Mrs F £200 compensation for distress and inconvenience.*

*esure Insurance Limited must pay the compensation within 28 days of the date we tell them Mrs F accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.*

Mrs F responded to say she accepted the provisional decision.

esure responded to say they had nothing further to add.

#### **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 Mrs F.

As Mrs F accepted my final decision and esure had nothing to add, then my final decision remains the same as my provisional decision, for the reasons set out in my provisional decision.

#### **My final decision**

For the reasons set out above, my final decision is that I uphold Mrs F's complaint. I require esure Insurance Limited to:

- Remove any record of the cancellation from internal and external databases.
- Issue a letter to Mrs F stating the policy was cancelled in error.
- Refund the £26 cancellation fee (if they haven't already done so).
- Pay Mrs F £200 compensation for distress and inconvenience.

esure Insurance Limited must pay the compensation within 28 days of the date we tell them Mrs F accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or

reject my decision before 13 August 2025.

Paul King  
**Ombudsman**