

The complaint

Miss G has complained about the way her motor insurer, esure Insurance Limited ('esure') dealt with a claim she made on her policy.

What happened

In April 2025 Miss G was involved in an accident that wasn't her fault and made a claim on her policy with esure.

Miss G wasn't happy with the way matters were being progressed and complained. She asked for a cash in lieu settlement (CIL) and was initially told this wasn't possible but ultimately esure agreed. But esure said it would deduct the VAT and only pay it once the repairs were completed and an invoice from a VAT registered garage was provided to it.

Miss G said her policy was due to renew soon and wanted matters to be resolved before the renewal. When the settlement cheque was issued, Miss G wasn't able to cash it and so the payment had to be raised by bank transfer (BACS).

esure responded to Miss G's complaint and didn't uphold the issue with the VAT. But it apologised because it had incorrectly instructed one of its repairers to carry out the repairs despite Miss G opting for a CIL and paid Miss G £100 compensation.

Unhappy with esure's response, Miss G brought her complaint to our service. At that point she said she hadn't yet received the settlement payment. A few days later, esure paid Miss G a further £100 compensation.

Miss G remained unhappy and told esure she wanted the claim closed before her policy was due to renew. She asked for proof of her no claims discount (NCD) to present to her new insurer but esure said this wasn't possible as the claim would remain open until it made a full recovery of its outlay from the other side. Miss G also felt the erroneous referral to esure's approved repairers which was done without her permission, was a breach of her privacy.

esure issued a further response to Miss G's complaint and said it would provide her NCD certificate despite the claim still being open by way of an apology. It noted that her new premium had increased by £389.83 but said her new insurer would be able to re-rate her policy with the new NCD certificate. It paid a further £150 compensation and said the matter could have been progressed more quickly, especially when it came to contacting the other side. It incorrectly stated that it had sent out two settlement payments to Miss G and asked for a reimbursement, but later confirmed this was an error and only one payment had been made.

One of our investigators reviewed the complaint but didn't think esure had to take further action and that the compensation offered was fair and reasonable.

Miss G didn't agree and asked for an ombudsman's decision. She said that esure withholding the VAT payment coupled with the increase in her premium put her in financial difficulty. She also said that she was forced to retrieve bank statements to show she hadn't received the settlement twice which she found distressing. And she also thought esure had shared her data unnecessarily and that further compensation was warranted.

Our investigator didn't change his view and the matter was 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.

I'd like to start by saying that I was very sorry to hear about Miss G's accident and I can appreciate that this must have been a very distressing time for her.

As I noted above, the matter was referred to our organisation before esure issued its second final response letter. But as it hasn't objected to us looking at both complaints; it has mentioned both in its covering letter to our service; I will be considering both complaints in this decision.

Miss G said she wanted a CIL which esure ultimately agreed to. I think this is fair and reasonable. I note it initially told Miss G this wasn't possible but I don't think this would have caused her significant distress as it quickly said a CIL was fine. But Miss G was unhappy that esure deducted the VAT from the CIL payment but as our investigator explained this isn't unusual and it is fairly standard practice amongst motor insurers. esure confirmed it would pay the balance once the repairs were completed, subject to being provided with a VAT inclusive invoice which is fair and reasonable and standard industry practice. So I don't think esure has done anything wrong in this regard.

From what I can see, esure referred the matter to one of its approved repairers but agreed this shouldn't have been done as Miss G had opted for a CIL. Miss G said she didn't find out about this until later, but was unhappy her details were provided to the repairer unnecessarily and considers this to be a breach of data protection laws. As our investigator said, if Miss G feels that esure breached data protection laws she may refer the matter to the Information Commissioner's Office (ICO). I have, nevertheless, considered the impact the mistaken referral had on her, and though I appreciate she found it distressing I don't think it was to such an extent, that it would require further compensation to what has already been awarded by esure. I say this bearing in mind that under its agreement with Miss G, esure is able to share personal data in order to perform the contract of insurance it has with its insured. I've also borne in mind that esure quickly acknowledged the mistake and apologised and issued compensation. And as Miss G says she didn't find out until later it doesn't seem that she suffered further distress as a result of esure's actions, for example, by receiving unnecessary or excessive contact from the repairers.

Miss G said there was a delay in the settlement being raised. From what I can see, though

Miss G had provided a video of the collision, esure required photographs of her vehicle which showed the damage and other details. Nevertheless, this wasn't communicated to Miss G initially which caused a delay of several days. Once the photographs were provided, I didn't find that esure delayed the matter unnecessarily. It passed it to one of its engineers to review and once it received the approval it agreed to the estimate Miss G had already provided. This was done over a few days. I thought this was fair and reasonable.

Nevertheless, Miss G wasn't able to cash the cheque and said this was because the name on the cheque wasn't clear. So a BACS payment had to be made instead. I thought this would have caused Miss G some inconvenience, as would the fact that esure later said she had received two payments which wasn't the case. I note once Miss G confirmed this wasn't the case, esure noted that the payment had only been paid once and didn't raise the issue with her again.

Miss G wasn't happy that the claim remained open as this meant that esure couldn't issue her proof of NCD to provide to her new insurer and this meant her premium increased by almost £400. esure later agreed to issue Miss G's NCD certificate while the claim was still open and she confirmed that her new insurer was able to re-rate her policy and issue a refund. As esure and our investigator explained, the claim being settled by esure didn't automatically mean that the claim would be closed. This would only happen once esure recovered its outlay in full from the third-party insurer. And while the claim was still open, the NCD was also impacted. This is standard practice. And while esure can request its outlay from the other side and can ask for it to be paid promptly, it is for the third party insurer to settle this. And sometimes this can take time. Of course, if it was taking a long time we would expect esure to chase and to ultimately potentially threaten to escalate the matter to court, but in the circumstances, I don't think matters were delayed to such an extent to make this necessary. Nevertheless, as I said above esure issued the proof of NCD in the meantime and I think it acted fairly and reasonably as well as pragmatically in doing so.

On the whole, I think there were some failings on esure's behalf. Namely the unnecessary instruction of the approved repairers, the confusion regarding the double payment and the delayed request for photos as well as the delayed settlement payment. But I think the £350 it paid Miss G overall by way of compensation was fair and reasonable and in line with awards we would make in similar circumstances.

My final decision

For the reasons above I have decided to uphold this complaint. esure Insurance Limited must pay Miss G £350 compensation in total for the distress and inconvenience it caused her if it hasn't done so already. I also note it has already issued proof of NCD as requested by Miss G.

esure Insurance Limited must pay the compensation within 28 days of the date on which we tell it Miss G accepts my final decision. If it pays later than this it must also pay interest on it from the deadline date for settlement to the date of payment at 8% a year simple.

If esure Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss G how much it's taken off. It should also give Miss G a tax deduction certificate if she asks for one so she can reclaim the tax from HM

Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 23 December 2025.

Anastasia Serdari
Ombudsman