

## The complaint

Mr C complains that esure Insurance Limited charged him the remainder of his annual premium when he cancelled his motor insurance policy.

## What happened

Mr C's car was damaged, and he made a claim on his policy with esure. A valuation was eventually agreed and esure paid Mr C a settlement for the total loss of his car. Mr C then cancelled his policy and esure told him that the balance of the full annual premium was due. Mr C was unhappy with this as he was paying for six months cover when he didn't have a car. He was also unhappy with the increase in premium at renewal and with other service issues.

Our Investigator didn't recommend that the complaint should be upheld. She thought esure had acted in keeping with the policy's terms and conditions and standard industry practice when it required the full premium to be paid on cancellation as there had been a fault claim. She explained that the premium increase at renewal was in keeping with national trends. And she couldn't consider Mr C's other concerns as he hadn't first raised these with esure to give it a chance to respond.

Mr C replied that he hadn't been warned about the charge, that he thought it was unfair and unjustified and that he wouldn't be paying it. He thought esure should show that there had been an increase in risk to justify the price increase at renewal. As Mr C didn't agree, his complaint has come to me for a final decision.

## 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 can understand that Mr C feels that it's unfair that he's been asked to continue paying his premium when he no longer has a car. Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably.

Mr C's policy booklet section 12, under cancelling or renewing your cover, states:

*"We won't refund your premium if a fault claim has been made against your policy within the current period of cover or the claim remains open. In this situation, we will cancel your policy, but your full annual premium will remain due plus the fee payable to esure. If you pay by credit instalments, you must still pay the balance of the full annual premium and the fee payable to esure."*

An insurance policy is an annual contract, even though Mr C may be paying for it in instalments. When there's been a fault claim, and the policy has been used, esure won't be able to recover its outlay from another party. So if the policy is cancelled, then esure is entitled by the policy's terms and conditions to ask for the full annual premium to be paid.

I can see that Mr C disagrees. But I'm satisfied that this is in keeping with standard industry practice. And I'm satisfied that it was fair and reasonable and in keeping with the policy's

terms and conditions for esure to ask Mr C to pay this amount. So I can't say that it did anything wrong in this.

Mr C said this would put him in a difficult financial position, even though esure asked him just to continue with his monthly premium payments. But when a consumer notifies a business of financial difficulties, we expect it to respond positively. And so I think Mr C should explain his position to esure so that something like a repayment plan can be arranged if appropriate.

Mr C was unhappy that his premium increased significantly at renewal. Our Investigator has already explained that insurers rerate risks regularly and the premium may change even though Mr C's circumstances have not altered. Also, we have seen that motor insurance premiums have increased nationally due to the increased costs of parts and repairs.

I think esure's premium increase was in keeping with national trends. And I haven't seen evidence that Mr C could have found cheaper policies offering the same level of cover at the date of his renewal. So I can't say that esure acted unfairly here. I think Mr C could always have shopped around if he thought esure's quotation for cover was too high.

Mr C has raised a number of other concerns about the level of service provided by esure. I was sorry to hear that Mr C was disappointed with the service he received from esure and its agents. But I can't see that he's raised these concerns firstly with esure to give it a chance to respond. So I can't consider these concerns here.

### **My final decision**

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 16 February 2026.

Phillip Berechree  
**Ombudsman**