

The complaint

Mr B complains about the manner in which esure Insurance Limited trading as First Alternative dealt with a claim he made on his motor insurance policy.

What happened

In October 2024 Mr B's car was damaged in an accident. He said that esure told him at the outset that his car was a total loss, as such he wasn't entitled to a courtesy car. But he subsequently learned that the car was repairable. Mr B complained. esure upheld his complaint. It paid him £200 for his out of pocket expenses because it hadn't given him a courtesy car and £100 for his distress and inconvenience.

Soon after, on 7 November 2024, esure again told Mr B that it had deemed his car a total loss. It said it had raised payment for the pre-accident value of the car which, after deducting the excess, was £11,663. Mr B rang esure the next day. He complained that it had paid him a sum for the total loss of his car without contacting him.

One of esure's engineers sent Mr B an email the same day, 8 November 2024, a Friday. Mr B says he didn't receive that email. The engineer said that the car was not a total loss but was repairable and that Mr B should reimburse it the funds it had transferred to him for the total loss of his car, which it had paid to him by mistake.

That weekend Mr B bought a new car; I'll refer to it as G. The next week, after contacting the repair network he'd been told his car had been taken to, Mr B said he found out that his old car was not a total loss. Instead, the repairer told him it was repairing the car, and it would be ready for collection at the end of that week. A few days later he drove to the repairer, paid his £500 excess and collected his old car.

As esure had paid Mr B his old car's pre-accident value, it said he either needed to repay that sum to it or return the car to it. Mr B didn't think that was fair. Instead, he said he would give G to esure and it could have that instead of his old car, which he said held sentimental value for him. esure didn't agree to that proposal.

Mr B brought his complaint to the Financial Ombudsman Service. One of our Investigators looked into it. He didn't think esure had dealt with Mr B fairly. So, the Investigator said esure should take possession of G and leave Mr B's old car with him. The Investigator added that esure should pay Mr B further compensation of £300.

esure didn't agree with our Investigator's complaint assessment so the matter was passed to me to decide.

Provisional decision

On 6 November 2025 I issued a provisional decision. For ease of reference, I've reproduced the relevant extracts below. I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In bringing this complaint Mr B's made a number of detailed points. I've considered everything he's said and everything that's on file. But in this decision I don't intend to refer to or address each and every issue raised. Instead I will focus on what I see as being the key

outstanding points following our Investigator's complaint assessment and the reasons for my decision.

There's no doubt that esure has made a number of mistakes. And I can understand why Mr B has been very unhappy with its service. But I don't think that means, in order to put things right, it must take possession of G.

esure mistakenly told Mr B, both by email and over the phone, that his old car was a total loss. And it went as far as paying its pre-accident value of £11,663 to him. Mr B did contact esure about this and it told him that it would ask an engineer to contact him.

esure's evidence is that the engineer sent Mr B an email explaining its error, that the car wasn't a total loss, and asking for the pre-accident value sum back. I accept that esure did send this email, as there's evidence on its system supporting that. But I also accept Mr B's evidence that he didn't see it before he bought G. That's because it's entirely possible that the email went into his junk/spam folder. As a result, because Mr B thought he was going to be without a car, and he would have to return his courtesy car soon, he went out that weekend and bought a replacement car.

Mr B's told us that his old car had sentimental value to him. So it seems he'd rather have had that car than G. But, at the time that he learned that his old car was in fact repairable he was fully aware that he'd already bought G, using the money esure had paid to him for his old car. And while he might have preferred to own his old car rather than G, he wasn't under any obligation to drive to the repairers, pay a £500 excess fee, and pick up his old car. And he could, for example, have communicated with esure about his options before taking that action.

Most likely, from Mr B's perspective, the old car still belonged to him and he was still its registered keeper and owner. However, he had accepted, no matter how unwillingly, the pre-accident value sum for that car and had not repaid it. That's significant as Mr B's policy says that after esure paid Mr B the car's market value it would become esure's property. So, in receiving the pre-accident value settlement – and as he hadn't repaid that sum – Mr B had essentially sold the car to esure, even if he did so unwittingly.

As I've said above I do understand that esure's mistakes put Mr B into a difficult position. He'd already bought G but then learned that his preferred old car was still something he could keep possession of. And, as he only bought G because of esure's mistakes he thought it should take G off his hands. I can understand that. But, as I've already said, he knew he'd already bought G when he drove to the repairers, paid a £500 excess and drove his old car home again. That wasn't something he had to do but something he chose to do. Had he communicated with esure at that time, before he picked up the old car, I think it would have told him that he would have to return the pre-accident value settlement to it before it would allow him to collect the car. I also would have expected it to offer compensation because of the impact of its mistakes.

In those circumstances, given that Mr B had essentially sold his old car to esure, I don't think it was a fair and reasonable solution that it must take G, which Mr B chose and which esure had no involvement or interest in, off his hands as a compromise.

It follows that I think that the solutions that esure offered at the outset, that is either returning the old car, or repaying the pre-accident value to it were reasonable in the circumstances. So I don't think it needs to take further action now.

I will briefly add that I did consider if esure should pay further compensation to Mr B for the impact of its errors. But I note that he's had use of both cars now since November 2024. And that's likely to have been a significant benefit to him. In those circumstances, I don't intend to award further compensation."

Developments

Mr B disagreed with my provisional decision. He made a number of comments setting out his dissatisfaction with my decision. I've summarised his reply below. However, I haven't sought to address each and every issue raised and have focused on what I see as being his main arguments.

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 understand how my decision could change so drastically from our Investigator's complaint assessment without new information being provided. I can understand why he might be disappointed on learning that I'm intending to reach a different outcome. And specifically, that I said I wasn't intending to require esure to leave his old car with him and take G off his hands. But we operate a two stage process. The first is consideration by an Investigator. And if either party is unhappy with the Investigator's assessment, then the second stage is a final decision by an ombudsman like me.

Once a case is passed to me, I consider all the evidence afresh. I then come to my own conclusions about what I consider to be a fair and reasonable outcome in all the circumstances of the complaint. My consideration of the matter and the conclusions I reach are entirely independent of anything the Investigator said. And it's not wholly unusual or uncommon for an ombudsman's decision to be different to an Investigator's.

Mr B's said that he didn't accept esure's valuation of his old car. I accept that's the case. He also said he used his own money (as esure's payment had not yet reached his bank account) to buy G. And that esure pushed him down a route he did not wish to go down. I recognised the difficult position that esure mistakes had put Mr B in in my provisional decision. But as I also said, he made an active choice to go and collect his old car, in the full knowledge that he had already bought G. And he did so without communicating his intentions with esure. Further, he said, he paid for G out of his own funds. But, once he did receive esure's settlement for his old car, then he should have been in a position to refund esure for the same sum. He could then have sold G. In those circumstances, it's likely I'd have expected esure to compensate him for his inconvenience and any financial loss he suffered because of its mistakes. But that's not what happened here. As I've mentioned, Mr B chose to go and recover his old car in the full knowledge that esure had already paid him for it.

Mr B's also said he refutes the suggestion that he's had the benefit from owning both cars. However, in July 2025 Mr B confirmed the current mileage of both cars. Comparing them with their mileage at the date of claim and the date Mr B bought G shows that, by July 2025, his old car had travelled a further 2,189 miles and G had added 1,021 miles. So, he had clearly, until that date at least, had use of both cars. I think most people, thinking fairly and reasonably, would consider that to be a considerable benefit.

Mr B's pointed out that he's incurred some additional costs because he had two cars, for example for insuring G and arranging a parking permit for it. But I have to keep in mind that he only needed to incur expenditure in relation to a second car because he chose to collect his old car in the knowledge he'd already bought G and without consulting with esure first. So, I don't think any additional expenses he's incurred for having two cars was because of esure's errors.

I'll add that I'm fully aware Mr B thinks the fair way to settle his dispute is that esure should take G off his hands. I did not ignore that when arriving at my provisional findings, nor do I think I misinterpreted what he said, as Mr B has argued in response to my provisional decision. However, for the reasons I gave in that decision, I don't find that resolution to be fair. I remain of that opinion.

It's also not the case, as Mr B now argues, that I didn't acknowledge he'd been put to inconvenience. I said clearly that I understood why he was unhappy with the impact of esure's mistakes, and I recognised it had put him in a difficult position. I also said that, in other circumstances, I would have expected esure to compensate Mr B further. But, because he'd had the benefit of a second car, that wasn't something I was recommending in this particular case. So it's not the case that I didn't recognise Mr B's inconvenience. But, again, Mr B didn't have to make the choices that he did. And, for the reasons given I don't think esure needs to award further compensation.

I also acknowledged in my provisional decision that Mr B's old car held sentimental value for him. But I don't agree, as he's said, that esure 'forced' him to buy another car he didn't want. After all, Mr B's own evidence is that he bought G before esure's total loss payment had been banked. And esure gave Mr B the option of keeping his old car while refunding it for its outlay. As I said in my provisional decision, I don't think that was an unreasonable suggestion.

I do recognise how upset Mr B is that I'm not intending to decide matters in the way he hoped or expected. But I am required to reach a conclusion that is fair and reasonable taking account of all the circumstances of the complaint. And, having given this matter very careful consideration, I'm not minded to depart from my provisional findings.

My final decision

For the reasons given above and in my provisional decision I think the resolution esure's already offered is fair and reasonable in the circumstances, so I'm not going to instruct it to take further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 19 December 2025.

Joe Scott
Ombudsman