

The complaint

Mr M complains that esure Insurance Limited failed to handle a claim properly and unfairly increased his motor insurance premium.

Mr M is represented in this complaint by a relative but, for simplicity, I'll refer to Mr M throughout my decision.

What happened

Mr M had a motor insurance policy with esure. In April 2023, he was involved in an accident that wasn't his fault. He made a claim on the policy.

The claim hadn't been closed when the policy renewed the following month. At that renewal, Mr M's annual premium increased from £490.53 to £897.24. Mr M says he was told the increase was because of the open claim on his policy, and this would be "*reassessed*" when the claim was closed. However, at the next renewal in May 2024 his premium increased yet again, to £1,384.47. Mr M complained about this.

esure admitted that there was "*no action on your claim*" for 11 months which "*delayed your claim for a substantial amount of time.*" It apologised for this and offered him £250. Mr M later discovered that the claim was closed in December 2024. esure told him the 2023 and 2024 premiums were calculated correctly and he wasn't due any refund. Mr M didn't accept this and brought his complaint to this service.

Our investigator recommended that the complaint should be upheld. She reviewed esure's underwriting information and was satisfied that it had applied its underwriting criteria fairly. However, she didn't think esure had treated Mr M fairly by failing to explain the premium increases clearly enough. She thought it should increase its compensation by £150.

Mr M didn't agree with our investigator, so his complaint was passed to me.

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.

First, esure accepted the April 2023 accident wasn't Mr M's fault, so there's no dispute about liability. I just need to consider its handling of the claim, the premium increases in 2023 and 2024, and its communication with Mr M.

Second, as our investigator explained, this service can't tell an insurer what an insurance policy should cost. The risk of insuring a vehicle is esure's to take on, so it's right that it – like any insurer – should decide how it assesses and prices risk. Insurers take many different factors into account when they do this. Some are specific to the customer (for example, their age or claim history), some are non-specific (for example, the number of claims in the area where they live). Insurers constantly review these factors, which means the premiums they charge can increase or decrease.

Having said that, we can decide if an insurer has treated a policyholder fairly by making sure it applied a fair and consistent approach to all its consumers. And having reviewed the evidence in this case, I'm satisfied that esure calculated Mr M's premium fairly. However, I don't think its handling of the 2023 claim was good enough, and I don't think it explained the premium increases to him adequately. So I agree with our investigator that it should increase its compensation to him. I'll explain why.

I understand why Mr M was unhappy. His 2023 premium was more than £400 higher than 2022, an increase of 83%. And his 2024 premium increased by another £487, or 54%. He thought the open claim was the reason for these increases.

Sometimes when a policyholder has an open claim at renewal – even, as in this case, when they weren't at fault – it can affect their new premium. If it does, we'd expect an insurer to review and, if necessary, re-rate the premium when the claim is closed. Sometimes the newly calculated premium will be lower than the premium calculated when the claim was still open. In these cases, the insurer should refund the difference.

We asked esure why Mr M's premium increased in 2023 and 2024. esure summarised how Mr M's premiums were calculated. It also explained the risk factors that affected his 2023 and 2024 premiums. This information is commercially sensitive, and esure asked us to keep it confidential, so I can't share it with Mr M.

However, I've reviewed everything esure sent us and I'm satisfied that the premium increase in 2023 was primarily due to two claims on his policy – a fault claim in June 2019 and the non-fault claim in April 2023. Even though the April 2023 accident wasn't Mr M's fault, it was still a factor in the underwriter's risk assessment. The 2024 premium was for a different car in a higher rating class, which explains this large increase. esure explained that changes to some other risk factors also contributed to his increased premiums.

I understand why Mr M isn't convinced by this, particularly given his May 2025 quote from esure dropped to £772.52 and he was able to find alternative cover with another insurer for less than £500. This was the first renewal after the claim was closed so I see why he thinks this was the reason for the lower premium. However, I think there's another explanation. Underwriters generally only consider claims in the previous five years when they assess risk. So by May 2025, Mr M's June 2019 fault claim no longer affected his premium. I think that's the key reason for the significant decrease in his 2025 premium.

Based on the underwriting evidence, I'm satisfied that esure treated Mr M the same as any other policyholder in the same situation. In other words, it didn't treat Mr M unfairly.

I don't think esure ever properly explained this to Mr M. Its internal notes support Mr M's position that it told him the premium increase was due to the open claim. For example, its agent's note of a call with Mr M on 8 May 2023 confirms she told him: *"You are non fault it doesn't have affect NCD [sic] but does affect premium due to the claim being open"*. Mr M called esure throughout May 2024 and expressed his frustration that his premium had increased yet again because of the open claim. There's no evidence esure ever told him that wasn't why his premium had increased.

I find that esure's failure to progress the claim was a key part of this. It didn't take any action or instruct its solicitor for 11 months. I don't think this was acceptable. I think it's reasonable for me to find that if esure had progressed the claim as it should have done, it would have been closed at least 11 months earlier. It follows that Mr M would have found out the open claim wasn't the reason for his premium increase before December 2024, and likely well before his May 2024 renewal. I think this would have prompted him to seek alternative cover at that time.

I know esure told Mr M he could seek alternative cover when it sent him renewal quotes in May 2023 and 2024. However, I think the open claim and esure's previous explanation about its impact on his premium led Mr M to believe this would be put right when the claim was closed. So I understand why he didn't look to switch insurer at these renewals.

I think esure's failure to progress the claim promptly and its failure to explain the situation clearly to Mr M caused him distress and inconvenience. He believed the premium increases were due to the open claim on his policy and that part of the premiums would be refunded when the claim was closed. I think he'd have sought cheaper cover elsewhere if esure had told him the open claim wasn't a relevant factor in his premium calculations.

esure offered Mr M £250 to apologise for this. I've thought about this and about what this service awards in similar circumstances. Having done so, I don't think this adequately reflects the distress he suffered. I think esure should pay him an additional £300.

My final decision

My final decision is that I uphold the complaint and order esure Insurance Limited to pay Mr M £300 to reflect the distress and inconvenience this matter caused him.

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

Simon Begley
Ombudsman