

The complaint

Mr G complains that esure Insurance Limited trading as Sheila's Wheels ('esure') unfairly increased his motor insurance policy premium at renewal.

What happened

In July 2024 Mr G took out a motor insurance policy provided by esure. His premium for the policy year was £1,212.60. In June 2025 esure sent Mr G a renewal notice and said the premium for the year would be £3,056.88. Upon receiving the renewal invitation, Mr G complained to esure about the premium increase. esure reviewed the concerns and did not uphold Mr G's complaint.

Unhappy, Mr G brought his complaint to our Service for a review. He said the increase was unreasonably high and that he couldn't get insurance elsewhere so he felt he had no option but to accept the premium increase. One of our Investigators looked into this matter. She initially didn't think esure had done anything wrong but it later transpired that esure had incorrectly recorded a 'notification only' incident in May 2025 as a 'fault' claim which had impacted the renewal premium.

So, esure recalculated the premium and this resulted in a premium reduction of around £300. It later said this recalculation was also incorrect as it was based on the claim changing from fault to non-fault when it should've changed to 'notification only'. esure performed a further recalculation based on the correct information which resulted in a further reduction from the total premium of £3,056.88 to £2,000.24. The Investigator's revised view was that the new premium was calculated correctly but she recommended esure pay Mr G £175 compensation for the distress and inconvenience caused by its mistake.

esure accepted the Investigator's revised view but Mr G didn't. He said the £175 compensation recommended was unreasonable given that his premiums had gone up by £150 per month. Mr G also said that his premiums should be reduced further. As the complaint couldn't be resolved, it has been passed to me for 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'm aware I've set out the background to this complaint in less detail than the parties have presented it. I'm not going to respond to every single point raised. Instead, I've focused on what I find are the key issues here. I assure both parties, however, that I've read and considered everything they've provided.

I should first state that it's not our role to tell insurers what risks they should insure or how they should calculate risk. And we don't generally tell them what price they should charge to cover those risks. The setting of premiums is a commercial decision with different insurers taking different approaches, which helps keep the market competitive. Provided the insurers exercise this judgement fairly and consistently, in line with their internal pricing criteria, it's a

matter in which we wouldn't normally interfere. But I can look at whether esure has treated Mr G fairly. In considering this, I've thought about whether it treated him in the same way as it would anyone else in the same way in the same set of circumstances.

It's clear that at the 2025 renewal, Mr G's premium increased significantly. So, I can understand why he was worried that esure hadn't treated him fairly. Following our Service's involvement, esure identified it had made a mistake in its calculation of the premium. esure said it'd incorrectly recorded a 'notification only' incident as a 'fault' claim. esure performed a recalculation to correct this mistake and this resulted in Mr G's total premium reducing to £2,000.24. I recognise Mr G still considers the premium to be unreasonably high and still significantly higher than the year before. But, he's also advised he couldn't get a cheaper premium when searching the market.

esure has sent a detailed explanation of the factors influencing the renewal price of Mr G's policy. And it's set out several factors which have influenced the premium increase, including the type of vehicle Mr G owned. I'm not able to share that information due to it being commercially sensitive. But I'm satisfied the updated premium is in line with what it would have charged had it assessed the risk correctly at the start. I'm therefore satisfied, in giving a premium refund of £1,056.64, Mr G has now been treated the same as anyone else in his situation would have been. So, I'm satisfied he's been treated fairly.

Lastly, I agree with the Investigator that esure's mistake in calculating the renewal premium caused Mr G unnecessary distress and inconvenience. He's explained he was unable to find suitable alternative cover and this left him with no other option but to accept the substantial premium increase. I appreciate Mr G doesn't think the £175 compensation recommended by the Investigator is enough. But I think this amount is fair, reasonable and proportionate to reflect esure's mistake and the impact on Mr G. This amount is consistent with our bands of awards where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out and is in line with what I would've awarded.

My final decision

For the reasons given above, my final decision is that I uphold the complaint. I require esure Insurance Limited to do the following:

- change its records and the CUE database to correctly show that Mr G only notified them of an incident in 2025 rather than having made a fault claim, if it hasn't already done so
- refund the extra premium taken at the renewal since the claim was incorrectly recorded
- add interest to the extra premium paid, at the simple yearly rate of 8%, from the date it was paid until the date of settlement. If esure thinks that it's required by HM Revenue & Customs to deduct income tax that interest, it should tell Mr G how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax if appropriate
- pay Mr G £175 compensation for the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 25 February 2026.

Linda Tare
Ombudsman