

The complaint

Mr S complains that esure Insurance Limited did not refund an additional premium he was required to pay after it unfairly cancelled his motor insurance policy.

What happened

Mr S had an esure policy for his car – car 1 – that was due to auto-renew on 17 March 2024. esure was unable to take payment for the renewal. It notified Mr S that if he didn't pay the premium it would cancel the policy. Mr S didn't receive that letter. esure then cancelled the policy from 27 March 2024. Mr S subsequently reinsured his car with another insurer.

Mr S didn't think the cancellation was fair and complained. esure didn't uphold that complaint. Mr S brought it to the Financial Ombudsman Service.

We considered Mr S's complaint about the cancellation of the car 1 policy under a separate reference number to this one. One of our Investigators noted that esure hadn't done enough to warn Mr S about the cancellation. So she recommended that the complaint be upheld. In November 2024 esure agreed it had cancelled the policy unfairly. It refunded Mr S the extra premium he'd paid to another insurer to reinsure car 1 as a result of the cancellation. It also gave him a letter to confirm it had cancelled the policy in error and paid him £300 compensation.

In the meantime, in April 2024, Mr S bought another car – car 2. He insured that with an insurer I'll call firm A. When taking out that policy, via a comparison site, he declared that another insurer had previously cancelled a policy. Firm A charged him a premium of £4,927 to insure car 2. After esure confirmed it had cancelled his earlier policy in error, Mr A cancelled his new policy with firm A and took out another policy with it for a reduced premium of £1,519.

Mr S also asked esure to refund him the additional premium he'd initially paid to firm A for car 2 because of the cancellation. After Mr S brought that complaint to this Service, esure initially agreed to pay a refund of the extra premium equating to £2,086. But it later reneged on that agreement. One of our Investigators issued a complaint assessment explaining why she thought esure should pay Mr S a refund of £2,086, add simple interest to that sum and also pay him £150 to compensate him for his distress and inconvenience.

esure didn't reply to our Investigator's complaint assessment so, as the matter remains unresolved, it's been passed to me to determine.

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.

As I've said above we have already considered Mr S's complaint about the cancellation of his policy for car 1 under a separate reference number and esure has provided appropriate redress in respect of that matter. So in this decision I will focus on the policies for car 2.

Mr S told us that after esure confirmed it had cancelled his policy in error, in November 2024, he contacted firm A but it would not adjust his premium. So he cancelled that policy and took out another for a lower premium. It seems that all parties agree he most

likely paid an additional £2,086 because he notified firm A that another insurer had previously cancelled a policy.

I'll explain that some insurers will see consumers who've had a previous policy cancelled as a higher risk than consumers without a cancellation. And those insurers may not offer policies to those consumers or only offer them at higher premiums. In this case the evidence indicates that firm A charged Mr S an additional £2,086 more than it otherwise would have done – for the relevant period of cover – had Mr S not declared the cancellation.

esure initially agreed to refund that sum. But it then changed its mind. However, in my opinion, its reasons for doing so do not seem fair or reasonable.

esure told us that as Mr S's premium payment failed at the outset, it didn't renew the policy and, as such, he didn't need to tell other insurers that esure had cancelled his policy. I'm not persuaded by this position.

esure wrote to Mr S on 17 March 2024 to say it had renewed his policy. It also sent him a letter on 28 March 2024 was headed "your policy has been cancelled". That letter clearly said it had cancelled his policy from 27 March 2024.

In other words esure told Mr S it had renewed his policy and then told him it had cancelled it from a date a few days after that renewal. And it agreed, when looking at Mr S's complaint about the insurance for car 1, that it had done so unfairly. So the evidence is that esure cancelled Mr S's policy, accepted it did so unfairly and took appropriate steps to put things right.

esure has also suggested that it hadn't recorded the policy cancellation on external databases, so it said Mr S didn't have to tell other insurers it had cancelled his policy. Instead it said Mr S should have contacted the relevant insurers to find out if he had to declare the cancellation.

Again, I'm not persuaded by this. I say that because when applying for policies insurers expect consumers to answer the insurers questions honestly and to the best of their ability. When Mr S was looking for a policy for car 2 from a comparison site that site asked:

"Has an insurance provider ever declined, cancelled, or voided your policy or imposed special terms?"

And given there was nothing within esure's cancellation letter of 28 March 2024 to indicate that Mr S wouldn't need to tell other insurers about esure's cancellation, in order to answer the above question accurately, he needed to answer 'yes'. That is what he did. So I don't find it fair and reasonable that esure should think it was OK for Mr S to answer this question incorrectly and take a chance that an insurer might not need to know about the cancellation. Neither is it fair to expect Mr S to have to contact insurers individually to establish if they needed to know about the cancellation. Especially as he had no reason to realise that might have been an option for him.

And, because Mr S correctly declared esure's cancellation, firm A charged him £2,086 more than he would otherwise have had to pay for his policy. If esure hadn't told him it had cancelled his policy he wouldn't have had to do that. So I think esure's refusal to refund the additional premium Mr S paid to firm A because of the cancellation was unfair.

Putting things right

I require esure to refund Mr S the £2,086 extra premium he paid to firm A because he had to declare esure's unfair cancellation. esure should add simple interest to that sum from the date Mr S paid the premium to firm A to the date esure refunds him¹.

Also esure's unfair refusal to refund Mr S has clearly been a source of inconvenience, distress, and disappointment for him. To address this I think it should pay him further compensation of £150. I think that sum is reasonable as it's in line with awards we make in cases of similar seriousness and where the impact has been of a similar nature.

My final decision

For the reasons given above I uphold this complaint. I require esure Insurance Limited to take the steps set out under the heading 'putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 10 March 2026.

Joe Scott
Ombudsman

¹ If esure considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr S how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.