

complaint

Ms I says esure Insurance Limited wrongly declined a claim she made and cancelled her motor insurance policy.

background

Ms I insured a car with esure that had been written-off and repaired. Two months later the car was damaged again. When an independent engineer inspected it, he thought previous repairs were poor. He thought that could have caused the recent incident. esure said the car wasn't roadworthy. It wouldn't deal with the claim and cancelled the policy. Ms I paid for the repairs to the car herself.

Our adjudicator thought esure had acted unreasonably. Ms I had a valid MOT certificate and the car had been serviced. She had no idea there was anything wrong with it. The adjudicator noted that the independent engineer who looked at the car for esure didn't say it wasn't roadworthy. The adjudicator thought the repairs should have been paid for and the policy shouldn't have been cancelled.

As esure disagreed, the complaint was passed to me for review.

my findings

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

In my view an average consumer would think having a valid MOT certificate meant a car was fit to be on the road. Ms I was also able to show the car was serviced just before she bought it. I appreciate its overall condition was below average. The repairs to it from the earlier incident were poor. But those facts don't automatically mean the car shouldn't have been on the road. I think it's important that the engineer didn't say that.

The adjudicator put these points to esure. Its response was that the complaint should be reviewed by an ombudsman. I assume from that there's no other information to show esure's decision about the car was reasonable.

Had the car not been roadworthy, I think it would still have been reasonable for esure to pay Ms I what she'd paid for repairs. That's because I think it was reasonable for her to rely on the MOT certificate and servicing record. I think it would have been reasonable for esure to cancel the policy. It can't be expected to insure a car that shouldn't be on the road.

As esure *hasn't* shown the car wasn't roadworthy, it follows that it wasn't reasonable to cancel the policy. I agree with the adjudicator it's reasonable to expect esure to pay Ms I for the repairs. It's also fair to require it to remove the recording of the cancellation.

Ms I was confused and frustrated by esure's decision because she couldn't understand why the car wasn't roadworthy. She had to find the money for repairs and would have had to tell other insurers about the cancellation. I think a moderate amount of compensation from esure for her trouble and inconvenience would be fair.

my final decision

My final decision is that I uphold this complaint. I require esure Insurance Limited to do the following:

- Subject to evidence, pay Ms I for the incident-related repairs (minus any premium refund she received)
- Add interest at 8% simple, from the date of payment to the date of settlement
- Remove notice of the cancelation from all databases, including CUE
- Pay Ms I £150 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms I to accept or reject my decision before 21 August 2015.

Susan Ewins
ombudsman