

The complaint

Mr Z complains that esure Insurance Limited asked him to pay the outstanding balance of his premium for his motor insurance policy after he cancelled it. He's also unhappy with the courtesy car esure provided and that he couldn't take it abroad.

What happened

Mr Z renewed his policy with esure. His car was then damaged in an accident, and he made a claim on his policy. Mr Z was unhappy with the courtesy car he was provided with and that he couldn't take it abroad. The car was upgraded but Mr Z had to pay to insure himself on a friend's car to travel abroad.

Mr Z called esure and asked to cancel the policy. But he wasn't warned that, because he had made the claim, the full premium would then be due. esure corrected this mistake the next day. It paid Mr Z £350 compensation and covered the full claim costs.

But Mr Z thought it should waive the outstanding premium balance. esure declared Mr Z's car a total loss. But Mr Z said it hadn't allowed him to change the vehicle on cover and he was now paying for two policies. esure said Mr Z hadn't requested a change of vehicle.

Our Investigator didn't recommend that the complaint should be upheld. She thought esure had made an error, but it had corrected it promptly. She thought it was entitled by the policy's terms and conditions to request the full premium after Mr Z cancelled the policy as a claim had been made. And she thought esure's compensation and cover for the claim was fair and reasonable for the impact of the error.

She saw that esure upgraded Mr Z's courtesy car to like for like, allowed him to keep the car beyond the policy limit and offered to reimburse the cost of the extra insurance he had to pay. She saw no evidence that Mr Z intended to replace his car on the policy. She thought esure didn't need to do anything further.

Mr Z replied that he'd been caused prejudice as he thought he could have made a decision about changing the car on cover after his complaint had been resolved.

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 can understand that Mr Z felt frustrated by how his claim was handled. I can see that esure accepted that it's level of service had been wanting. When a business makes a mistake, as esure accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

And I'm satisfied that esure has fairly and reasonably restored Mr Z's position and compensated him for the impact of its errors. I'll now explain why I think this.

There was initial confusion about whether Mr Z's car was repairable or a total loss. The claim wasn't managed well, and this caused an avoidable delay. I can see that Mr Z called esure often for updates and this caused him inconvenience. But I'm satisfied that esure considered this under its compensation.

Mr Z was entitled to a like for like courtesy car, but this wasn't provided until after he complained. He was then given a faulty car, and this had to be replaced. I can understand that this must have been frustrating for him. But esure did keep Mr Z in hire for 38 days, rather than the 21 days he was entitled to under his policy's terms and conditions. And, again, I'm satisfied that this was reasonably considered under its payment of compensation.

Mr Z had made it clear that he wanted to take the hire car abroad. But he wasn't correctly advised that he couldn't do this, and he had to arrange an alternative. Fortunately, Mr Z was able to insure himself on a friend's car and so he could take it abroad. And I think esure has reasonably agreed to reimburse Mr Z for the cost he incurred on provision of evidence of this expense.

Mr Z said his car's tyre had been damaged during the recovery. Mr Z wanted to retain the car's salvage and so I can understand that he was upset by this. And esure has reimbursed Mr Z for the cost of a replacement tyre so he wasn't caused a loss.

When he asked to cancel the policy, Mr Z wasn't then told that the full premium would then be due. And Mr Z thought that because of this esure should waive the balance. But I don't think that would be fair or reasonable. This is because on page 15 of Mr Z's policy booklet under the heading "Total loss of your car" it states:

"If we decide your car is a total loss:

- No refund will be issued and if you're paying by direct debit the full annual premium will need to be paid unless we have already deducted this from your claim payment*
- Your policy will be cancelled including the car hire benefit, unless we agree otherwise"*

I think this is a common term and condition in motor insurance policies, and I don't find it unusual or unreasonable, but it is significant. And I think it has been clearly set out in the policy wording where it was available for Mr Z to read. And so I'm satisfied it's reasonable for esure to rely on it.

esure paid Mr Z a settlement for the total loss of his car and so I'm satisfied it indemnified him under the policy's terms and conditions. And then esure was entitled by the above terms and conditions to request the full premium. esure offered to reinstate the policy so Mr Z could pay this by monthly instalments, but Mr Z declined this offer.

Mr Z said he wasn't given the opportunity to replace his car on the policy. But Mr Z didn't at any time ask about replacing the car on his policy. And he told us that he had found cheaper cover elsewhere. Mr Z had retained his car's salvage. There was a month's gap between the cancellation of the policy and Mr Z insuring his new car. So I think he evidently didn't intend to replace his car when he cancelled his policy. So I don't require esure to waive the outstanding balance of Mr Z's premiums.

I think esure's compensation payment of £350 is in keeping with our published guidance for the level of impact its errors had. So I don't require it to increase this or to do anything further.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 18 September 2023.

Phillip Berechree
Ombudsman