

The complaint

Mr C and Ms M complain about how esure Insurance Limited (esure) dealt with a claim on their motor insurance.

What happened

Mr C and Ms M had motor insurance underwritten by esure. Ms M was the policyholder and Mr C was a named driver. Their car was broken into and they made a claim on their motor insurance. The car couldn't be driven. Esure said it would arrange for a local garage to repair the car and provide a courtesy car. Despite Mr C repeatedly chasing both esure and the garage, nothing happened. Mr C wasn't happy with this and complained to esure. Approximately three months after Mr C and Ms M made the claim on the policy, esure responded to their complaint, saying:

"I understand you are frustrated at the length of time it has take to complete your claim.

I have had a look into your policy and can see your complaint is at a stand still.

There is no clear reason why this would be so I will need to contact relevant departments to look into this further.

I hope to have a further update for you in the next few days and will contact you then.

You have the right to refer your complaint to the Financial Ombudsman Service, free of charge - but you must do so within six months of the date of this email."

I can't see that esure contacted Mr C and Ms M again about their complaint.

In the end Mr C decided to pay for the repairs himself. Unfortunately the first mechanic went off with his money. Mr C says that due to having to pay for the repairs himself and having to pay for alternative transport, he found it difficult to make the monthly payments for the insurance premium. Esure cancelled the policy for non-payment and pursued Mr C for the outstanding premium for the year.

Mr C and Ms M weren't happy with esure's response to their complaint, so they complained to this service. Our investigator upheld their complaint. She said esure hadn't provided sufficient evidence to demonstrate why the claim couldn't have been progressed when it was made. She said esure should consider the claim on a proportionate basis as Mr C and Ms M hadn't paid all their premium. It should also pay them £300 compensation for the poor service and reimburse them what it would have cost to repair the car plus 8% simple interest.

Esure didn't fully agree so the complaint has been passed to me. Mr C and Ms M stated in their original complaint that they wanted £55,000 compensation, a letter of apology to Ms M and for esure to stop pursuing them for the outstanding premiums and write off what they owe.

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 upholding Mr C and Ms M's complaint. I'll explain why.

Esure told our investigator that the last monthly direct debit payment on the policy was made about one month after the claim was made. Mr C and Ms M had paid a deposit and three out of the ten monthly instalments. The amount owing was the remainder of the annual premium.

Esure also told our investigator that there was another non-recoverable claim about a month earlier where it had to concede liability to a third party insurer as Ms M didn't respond to its letters about this incident. The allegation was that she had reversed into a third party vehicle.

However according to esure's claim notes she did contact them, and indeed she must have done as the policy was going to be cancelled due to a lack of response, and then wasn't.

Mr C and Ms M's insurance policy with esure said:

"Our right to cancel your policy

We have the right to cancel your policy at any time by giving you seven days' notice in writing where there is a valid reason for doing so. We will send our cancellation notice to the latest contact details we have for you and will set out the reason for cancellation. Valid reasons may include but are not limited to:

- Where we have been unable to collect a payment (premium or credit installment) we will write to you requesting payment by a specific date. If we do not receive payment by this date we will write to you again notifying you that payment has not been received and giving you seven days notice of a final date for payment. We will also tell you that if payment is not received by this final date your policy will be cancelled. If payment is not received by that final date we will cancel your policy with immediate effect and notify you in writing that such cancellation has taken place. Your credit agreement may also be cancelled. We may also refer your details to a debt collection agency and your credit rating may be impacted;*

...

- If we cancel your policy, and you have made a claim or been involved in an incident you will still have to pay the full premium plus the fee esure charges. If you have not made a claim or been involved in an incident you will have to pay the premium for the period of cover you have used plus the fee esure charges..."*

So because of the third party claim, esure was entitled to ask Mr C and Ms M to pay the whole year's premium even though the policy was cancelled.

In response to our investigator's suggestion to resolve the complaint, esure said it would be happy to progress the vehicle damage claim but would first require Mr C and Ms M to pay the remainder of the annual premium. Esure also said the £300 compensation award was too high. Esure said this service had overlooked the fact that its letters to the customer weren't responded to. And it said Mr C and Ms M hadn't been forthcoming in contacting it to progress the claim and contact from them had been sparse. So esure felt £100 compensation was more appropriate. I don't agree because as I've set out above Mr C and Ms M had contacted esure and the garage to try to progress things.

Esure's failure to deal with the claim caused a great deal of distress and inconvenience to Mr C and Ms M. They were without their car for an extended period of time and weren't provided with the hire car they were entitled to. They also had to spend time, effort and money pursuing their claim and getting their car repaired. Therefore I think that £300 compensation is fair and reasonable in all the circumstances.

I note that Mr C and Ms M made their claim while the policy was still active and the payments fully up to date. I can see no reason why the claim couldn't have been dealt with and settled at the time. So I think esure should settle it now. However if part of the annual premium is still unpaid, I think that should be taken into account.

My final decision

For the reasons given above I uphold Mr C and Ms M's complaint. I require esure Insurance Limited to pay Mr C and Ms M £300 in recognition of the distress and inconvenience caused. If Mr C and Ms M have now paid the outstanding premium, I require esure Insurance Limited to settle the claim in full in accordance with the terms and conditions of the policy plus interest at 8% simple. If Mr C and Ms M still have some outstanding premium, I require esure Insurance Limited to settle the claim proportionate to the percentage of the premium that has been paid plus interest at 8% simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Ms M to accept or reject my decision before 23 October 2023.

Sarah Baalham
Ombudsman