

The complaint

Miss K complains about esure Insurance Limited's handling of a claim she made under her motor insurance policy.

What happened

In May 2023, Miss K made a claim under her motor insurance policy with esure after her parked car was damaged by another driver. The incident was seen by a local man who agreed to be a witness for her.

Miss K says she provided esure with details of the incident, the details of the vehicle that hit her car and the crime reference number. She also provided photos of her car after esure requested these.

Miss K says she asked esure if it had contacted the other driver who'd hit her, but she didn't receive a response. A couple of weeks later, Miss K contacted esure again stating that the garage had left her repeated messages for her to take her car in, but she didn't wish to do this until she knew that the other driver had confirmed liability.

Miss K didn't receive a response from esure for two months. She was then told that esure had heard nothing from the third party insurer and her claim had been passed to its recoveries department to attempt to recover her claim costs. It said it had advised the third party of the allegations and was awaiting its comments on liability. It would update her as soon as it had a response.

A month later, Miss K hadn't heard anything back, so she raised a complaint about esure's failure to progress her claim.

In October 2023, esure sent Miss K an email which said it wasn't yet in a position to respond to the concerns she'd raised. It gave her the right to refer her complaint to the Financial Ombudsman Service. So, Miss K asked our service to consider the matter.

A couple of weeks later, esure issued a response to Miss K's complaint. It said the third-party insurer had been identified and allegations had been sent, but it hadn't yet received a response. Should the third-party insurer fail to take responsibility, esure's claims team could discuss options with her. This might include taking legal action against the third party, however before this could happen, Miss K would need to repair the car, so the claim had financial value. It said to make this easier, it would waive the policy excess which would allow her to repair the car free of charge.

Esure later offered Miss K £150 to compensate her for poor communication and difficulties in reaching it by telephone. But Miss K didn't think this was enough to put things right.

Our investigator looked into Miss K's concerns and thought her complaint should be upheld. She thought esure's handling of Miss K's claim was poor. She recommended it pay Miss K a total of £300 for distress and inconvenience.

Esure accepted our investigator's recommendation, but Miss K asked for her complaint to be passed to an ombudsman. She said esure had failed to take any action on her claim. She'd spent a significant amount of time chasing it and it wasn't easy to contact. She said she'd spent between 50 to 30 hours dealing with esure and the complaint. £300 didn't come close to compensating her for her time, not to mention her distress and frustration. So, the complaint has been passed to me to decide.

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.

Having done so, I've decided to uphold Miss K's complaint. I'll explain why.

I thought it would be helpful to provide some clarity about the Financial Ombudsman Service's role and the scope of the complaint that I'm deciding. Our role is to resolve disputes between complainants and financial businesses, to help both parties move on. It isn't our role to handle a claim or to deal with matters as they arise.

In this decision, I will be considering matters complained of up until esure's final response of 24 October 2023. Miss K has made us aware of some further concerns regarding esure's service and communication with her after that date. Our service may be able to consider these as a separate complaint once esure has had the opportunity to address them.

Miss K's motor insurance policy provided cover for loss and damage to her car minus the policy excess. According to the policy schedule, the excess for vehicle damage was £1,000. Miss K says the damage to her vehicle was minimal. So, I can understand why she wanted to know if the third-party insurer had accepted liability before deciding to go ahead with the repairs.

However, if the costs of repairs were below £1,000 there would be nothing to claim on the insurance policy. And esure says it wouldn't normally carry out liability investigations without knowing it was incurring a financial loss.

There's no obligation for an insurer to seek to recover uninsured losses on behalf of a policyholder when a claim is made under a motor insurance policy. Although if it's recovering its own costs, then it might be reasonable to expect it to attempt to recover the policyholder's excess at the same time.

I understand that Miss K was expecting esure to pursue the third-party insurer for the damage to her vehicle. I don't think esure explained to her when she raised her claim that it would only do this if it needed to recover its own costs.

Esure has acknowledged that its communication with Miss K was poor. It says a claim shouldn't have been opened, but its claim team may have assumed Miss K would be providing an estimate for the damage to see if it was worthwhile.

The information from esure suggests it contacted the third-party insurer in mid-July, which was around two months after Miss K made her claim. This seems to have been prompted by contact from Miss K. But it's unclear why esure chose to do this at this point when the cost of repairs doesn't appear to have been established.

Miss K says esure failed to respond to a number of her emails and she also spent a lot of time trying to resolve things over the phone. I can understand her frustration regarding this. I think esure missed several opportunities to explain the claims process to Miss K.

I can see that Miss K had taken out motoring legal protection which provides cover for the cost of pursuing uninsured losses. But it doesn't look like esure made Miss K aware this might be an option for her at the time. Although I can see that the complaints handler has mentioned this in subsequent correspondence.

In its final response email of 24 October 2023, esure offered to waive the policy excess so Miss K wouldn't need to pay anything towards the cost of repairs. I think this was a reasonable way forward. It meant esure would have taken on the full risk of costs not being recovered from the third party. However, I understand Miss K was reluctant to accept this offer because of the potential impact of a fault claim on her future premiums and her no claims discount.

I understand this has been a frustrating experience for Miss K who has also spent a lot of time on emails and phone calls. However, esure has accepted our investigator's recommendation to pay Miss K £300 for distress and inconvenience. I think this reasonably recognises the impact of esure's poor service on Miss K for the period I am considering in this decision. So, while I appreciate my answer will be disappointing for Miss K, I'm not persuaded to increase this.

Putting things right

Esure should:

- Pay Miss K £300 for distress and inconvenience, if it hasn't already done so.

My final decision

For the reasons I've explained, I uphold Miss K's complaint and direct esure Insurance Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 17 June 2024.

Anne Muscroft
Ombudsman