

## **The complaint**

Mrs S complains about delays to a claim she made on a motor insurance policy she held with esure Insurance Limited.

## **What happened**

Mrs S held a motor insurance policy with esure. In January 2022 she made a claim following a collision with a third party.

Based on the information provided by Mrs S, esure believed the third party was at fault for the collision and after it settled Mrs S' claim, contacted the third party's insurer in order to recover its outlay.

Mrs S' policy expired in August 2022 and she decided to take out a new policy with a different insurer. In August 2023, Mrs S complained to esure. She said that her claim from January 2022 remained open and her no-claims bonus (NCB) hadn't been reinstated which was causing her insurance premiums to be much higher.

When esure rejected Mrs S' complaint, she referred it to our service. Our investigator thought the claim had remained open as a result of poor service from esure, and that Mrs S' NCB should have been reinstated sooner. She said it should pay £300 as compensation to recognise this and pay Mrs S the difference between what esure would have charged for her policies and the amount she actually paid.

Esure didn't accept our investigator's opinion. It didn't agree it should be liable for the difference in premiums. As no agreement on this point could be reached, Mrs S' complaint has come to me to make a final decision.

## **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.

Where an insurer believes a claim was not its policyholder's fault, it's acceptable for a NCB to be removed while it awaits acceptance of liability from a third party insurer and recovery of its outlay. Once that's been done, the NCB can be reinstated and evidence provided to a policyholder to provide to a new insurer (where required) so that adjustments to the premium can be considered. However, as with all matters relating to a claim, an insurer has a duty to handle claims promptly and efficiently and not cause or allow unreasonable delays. A claim shouldn't stay open, with an NCB not being reinstated for a prolonged period, without a good reason. We'd expect to see regular contact, at an early stage, with other insurers and attempts to recover outlays to be made pro-actively, and a pragmatic approach taken to reinstating NCBs when third party insurers accept liability and indicate settlements will be reimbursed.

I don't think there can be any dispute that the administration of the claim wasn't up to the required standard which caused the reinstatement of Mrs S' NCB to be delayed.

From the evidence available to me, it's clear that in January 2022, shortly after the incident, esure had the details of the third party and, crucially, the third party insurer's details.

While there are notes indicating esure's team who deal with recoveries from third party insurers saying they had been asked for more information in 2022, we haven't been provided with any emails or other correspondence to show any contact with the third party insurer until February 2023. I note in particular that the email of February 2023 sets out that esure is seeking to recover its outlay on the claim, rather than making any reference to earlier correspondence. On the balance of probabilities, I'm satisfied esure didn't start seeking to recover its costs until February 2023, over a year after the incident, shortly after which it was in possession of the third party insurer's details.

I further note that third party insurer accepted liability for the claim very soon after esure's email of February 2023 and there was then discussion of the costs being sought. By May 2023, the third party insurer indicated it was prepared to make a settlement with only a small amount outstanding relating to costs for a replacement child's car seat.

An important point to note is that it appears that by March 2022, esure was aware of its liability on the claim as the repairs and associated costs were known, and indeed the amounts referred to at that time are the amounts it subsequently sought to recover from the third party insurer.

It seems to me that there's no reason why, in light of the third party insurer's willingness to settle the vast majority of costs in fairly short order, Mrs S' claim couldn't have been closed, with the associated reinstatement of her NCB within a few months of the incident. Even with the amount relating to the car seat being potentially disputed, this was a very small element of the total claim, and so it would seem fair even with discussions on that point potentially ongoing, a reasonable conclusion would have been to reinstate Mrs S' NCB. The third party insurer could have been contacted in January 2022, every indication is that liability would have been accepted and the costs could have been provided in March 2022, and settled shortly thereafter.

I'm aware some of what I say above would have relied on responses from the third party insurer but in light of how quickly they did respond, and with pro-active, efficient contact with them I'm confident in saying that by the time Mrs S' policy expired in August 2022 the NCB could (and should) have been reinstated.

Mrs S has explained that because her NCB wasn't reinstated when she took out new policies in August 2022 and August 2023, her premiums were significantly higher. esure's provided a letter Mrs S can send her insurers so they can assess and refund any difference in premiums she paid because the NCB wasn't in force but would retrospectively apply. It agreed it would pay 8% interest on any refunds to recognise the impact of the delays it had caused. esure points to our service's previous position in similar situations where a policyholder who'd paid more for insurance because an NCB hadn't been reinstated should approach their new insurers for reimbursement with supporting evidence from the original insurer.

We've explained to esure that our approach in these matters has recently changed. Generally we now think it's more appropriate for the insurer who was at fault for the NCB not being properly reinstated to refund the difference in premiums. To get the refunds, policyholders would need to obtain premium quotes from their original insurer, contact their new insurers with that information and the evidence of the NCB being reinstated and await the new insurer's calculations of what the premium would have been. In order to recover the additional interest amount, the policyholder would then need to contact their previous insurer with evidence of the refunds and payment dates.

Doing both of these things would involve an amount of administration and evidence gathering and submission. There's also the issue that in such situations, any decision of our service wouldn't be enforceable against a separate insurer, so if an insurer declined to pay a refund a policyholder would potentially have to make a further complaint, thereby causing further delay and inconvenience.

I understand esure's position that, irrespective of it making a payment for the difference in premiums, Mrs S could approach her other insurers for a potential refund. However, this would appear to be a hypothetical suggestion of what Mrs S may do, as opposed to esure having anything to suggest she has done this. esure also said it was difficult to compare policies as the rating factors, terms and conditions, and benefits of the respective policies would be different. Again, while I appreciate this, such a situation would arise either way, whether a refund is due from the original insurer or the new one. I'd also observe that the only administrative task Mrs S would need to do here would be to send esure details of her premiums and policies from August 2022 and 2023, and esure can then carry out their own calculations about what the premiums would have been.

So on balance, I think it's fair to ask esure to pay Mrs S the difference between what her premiums would have been if she'd renewed her policy with the relevant NCB in place in August 2022 and August 2023 and the amount she actually paid her new insurers for those policies. I think this involves less inconvenience being caused to Mrs S in order to resolve the complaint.

I'm also asking esure to pay simple interest at a rate of 8% on these amounts, from the dates the original payments were made to the date of settlement. This is in line with our standard approach where a financial business has been responsible for delays or other actions which have caused a direct financial loss to a customer, as is the case here.

Our investigator also thought esure should pay £300 compensation to Mrs S to recognise the distress and inconvenience caused to her. I agree with this amount. There were unreasonable delays with no obvious action to resolve the matters relating to her NCB for over a year. This caused Mrs B to pay more for her insurance than she should have, as well as spending more time and effort to find lower premiums. She also made a number of phone calls to find out what was happening with the claim and why her NCB hadn't been reinstated. In the circumstances, I think £300 is a fair amount to compensate for this.

### **My final decision**

It uphold Mrs S' complaint. In order to put things right, esure Insurance Limited must:

- Refund the difference between the premiums paid by Mrs S for her motor insurance policies from August 2022 until the date the NCB was reinstated and the amount esure would have charged for policies covering the same vehicle for the same periods of cover.
- Pay simple interest at a rate of 8% per year on these amounts, from the date Mrs S made payments to the date of settlement by esure.
- Pay £300 compensation. esure must pay this amount within 28 days of us telling it Mrs S accepts our final decision. If it does not, it must pay simple interest at a rate of 8% per year on this amount from that date to the date of final settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 26 July 2024.

Ben Williams  
**Ombudsman**