

## **The complaint**

Mr M complains about the way esure Insurance Limited (esure) collected payment for his motor insurance premiums.

## **What happened**

Mr M held an insurance policy with esure. In May 2024 they wrote to him following the end of the policy to advise there was an outstanding balance due of £872.21. Mr M felt this was incorrect, so he complained to esure.

In response to Mr M's complaint, esure said the renewal premium had been charged at £1,196.13 and the monthly direct debits should have been £99.68 per month. However, due to an error, esure had been collecting significantly less than this sum each month via direct debit, and this is why there was a large amount outstanding when the policy ended. They awarded Mr M £150 compensation to offset the balance due, and said there would be £722.21 left to pay.

Unhappy with esure's response, Mr M brought the complaint to this Service. He said he had made adjustments to his policy during the policy year to cover different cars, and this had resulted in changes to his total premium. And he said the total premium esure were requesting meant he was unable to afford to pay this in a lump sum.

An Investigator looked at what had happened and recommended the complaint be upheld. He said esure's figures had been incorrect and the total premium would have been £1,067.54. And due to the changes of cover Mr M had made, as well as the payments made via direct debit, the remaining outstanding balance should have been £743.62. He recommended esure pay £250 compensation to reduce the outstanding balance owed – leaving a total of £493.62 left for Mr M to pay.

In response, esure agreed with the Investigator's recommendations but Mr M didn't. He said he didn't agree with the amount the Investigator recommended he needed to pay to conclude the complaint and he believed esure had breached consumer law and the Direct Debit Guarantee scheme. He said as esure had told him they would be collecting a lower amount for his policy premiums, this constituted an offer, and they should have checked the information they were sending out was correct.

He asked for an Ombudsman to review the complaint – so, it's been passed to be 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.

I'd like to start by reassuring both parties that although I've only summarised the background to this complaint, so not everything that's happened or been argued is set out above, I've read and considered everything that has been provided. This isn't meant as a discourtesy –

rather it reflects the informal nature of this Service. So, while I may not comment on each and every point made, or piece of evidence provided, I've taken it all into account.

My role is to reach a decision on the specific complaint at hand that I consider to be fair and reasonable in all the circumstances, with minimal formality. And as part of my decision, I've taken into account relevant law and industry rules, guidance, and best practice.

The crux of this complaint is about whether esure have correctly outlined what the outstanding balance due on the policy is. I understand there has been some conflicting information initially around the price the policy was charged at – and I can appreciate some of this confusion may have been caused by the changes Mr M made to his cover during the life of the policy.

From considering the evidence provided, it appears the policy renewed in May 2023 at a price of £947.94. In September 2023, Mr M made a mid-term adjustment (MTA) to the cover under the policy which reduced the premium by £310.07. In November 2023, he made a further MTA which increased the premium by £429.67. At this point, the total premium would have been £1,067.54.

I can see Mr M has said a total of £320.04 was debited from his account between May 2023 and April 2024. But esure have advised they received payments totalling £323.92 during this same period. I appreciate there is a small discrepancy between the two, but on balance I'm satisfied this sum is largely correct, given the similarity between Mr M and esure's figures. I consider it to be fair to use the slightly higher figure esure has provided, so, it follows that I find there is an outstanding balance of £743.62 on the policy.

While I appreciate Mr M's submissions around esure debiting the incorrect amount for several months, I'm satisfied with esure's explanation that this was an administrative error caused by the changes in cover requested. And the lower sums being deducted happened due to them only charging the difference between the quotes due to a system error. On balance, I find this to be persuasive as to what happened. While I consider Mr M would have been aware of this lower sum and could have raised this with esure sooner to clarify what was owed, I understand from his submissions that Mr M considered this to be an offer from esure that they would be bound by. So he doesn't need to pay any further sums.

However, I'm not persuaded this would be the case, as the premium set when the policy was taken out would be the agreed amount. And an error in collecting the monthly premiums wouldn't amount to a change in the total sum agreed between Mr M and esure. Mr M has helpfully outlined esure's requirements under the Direct Debit Guarantee scheme, which applies *"to every single Direct Debit, protecting you just in case someone makes a mistake, like collecting your money on the wrong day or taking the wrong amount."*

However, the guarantee also says it doesn't affect the underlying contract with the biller. And the scheme says if an error occurs, while a customer can claim the money back, they'd still owe the biller for any service used. It follows that I'm not persuaded esure's incorrectly collected direct debits created an offer for Mr M to pay less for his insurance premiums than previously agreed.

That being said, I do appreciate esure's errors, and subsequent handling of the complaint in giving incorrect and confusing information on what Mr M owed them, would have caused some distress and inconvenience.

Based on what had happened, the Investigator recommended that esure should pay £250 compensation to offset any money owed. I've thought about whether that's enough compensation to reflect the impact on Mr M of the shortcomings in esure's service. I've weighed up Mr M's testimony, the available evidence, and the duration of the incident.

Having done so, I also consider a fair and reasonable sum of compensation would be £250. This means I'm going to direct esure to pay this sum to offset what Mr M owes under the policy.

I appreciate this may not be the level of compensation Mr M was hoping for given his submissions around how esure collected the payments owed and whether he should be required to pay anything further due to their mistake. But Mr M would always ultimately be required to pay for the total premium charged. So, I consider a compensation sum of £250 to be appropriate and one that reflects the impact esure's actions had on him. And I'm satisfied this level of award produces a fair and reasonable conclusion in this particular case.

### **Putting things right**

To conclude this complaint, esure should pay £250 compensation. This can be deducted from the total premium outstanding which means Mr M would owe a total of £493.62 to conclude the policy. I would also consider it good industry practice for esure to allow Mr M to agree a payment plan to repay this sum should he not be able to do so in a lump sum, given their errors in collecting what was owed.

### **My final decision**

For the reasons I've given, my final decision is that I uphold this complaint and direct esure to settle the complaint in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 13 January 2025.

Stephen Howard  
**Ombudsman**