

The complaint

Mr and Mrs M complain about the renewal price Esure Services Limited ('esure') offered for their buildings insurance policy.

What happened

The background to this complaint is well known to Mr and Mrs M and esure. Rather than repeat in this decision what's already known to both parties, in my decision I'll focus mainly on giving the reasons for reaching the outcome that I have.

Mr and Mrs M were unhappy with the price offered by esure for their buildings insurance policy renewal. They raised a complaint. esure didn't uphold the entire complaint, but offered £50 as a gesture of goodwill.

Remaining unhappy, Mr and Mrs M referred their complaint to our Service for an independent review. Our Investigator considered the complaint, but didn't recommend that it be upheld. As Mr and Mrs M remained unhappy, the complaint has been referred to me for a 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.

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint, I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

The scope of my decision

This decision will only consider the complaint addressed in a final response letter ('FRL') dated 7 August 2024. This FRL primarily addressed the 2024 policy renewal price. It also referenced an open claim: *"As explained on your call with my colleague [name redacted by Ombudsman] on the 26.07.2024 we can only close the claim once all of the elements had been completed and whilst I understand this claim from 2017 remains open and would be frustrating our claims department will be looking to have this settled for you as promptly as they can."*

Mr and Mrs M responded to the FRL, and an email from esure dated 13 August 2024 confirmed their position remained the same and offered referral rights to our Service again.

After referral to our Service, Mr and Mrs M told us they wanted the complaint resolved by esure closing their open claims and the provision of a certificate of works to enable them to seek a more competitive quote elsewhere. Whilst some of this relates to the overall 2017 complaint, I will include the supply of a certificate of works in this decision as I can see it was raised with esure and they addressed it.

However, this decision won't consider how esure considered either the 2017 or 2024 claims made by Mr and Mrs M, including the time taken to resolve them. I'm satisfied our Investigator has made this clear to Mr and Mrs M and explained they'd need to raise that separately with esure. I also note that in his response to the FRL, Mr M told esure:

"When everything on the 2017 claim is finally resolved I will be putting in another claim for the whole claim in the way it has been handled from start to completion and the many delays that have taken place and the way the contract was given and the overseeing of it from start to completion."

And in an email to our Service dated 21 January 2025, Mr M said:

"I will be writing to Esure to complain about the conduct of the claim by them and their partners but just wanted to get this out of the way first."

My remit

Our Service are not the insurance industry regulator. That is the role of the Financial Conduct Authority. Whilst we can consider if esure have treated Mr and Mrs M fairly and similar to how any other customer in a similar position would've been treated at renewal - we can't tell an insurer what risks they should underwrite, how they evaluate those risks, for whom they should offer insurance or how much they can charge a particular customer.

Instead, we broadly look at whether we think an insurer have acted fairly and reasonably in the way they've set the customer's premium, and whether they've communicated the price to them in a way that is clear, fair and not misleading.

The 2024/25 renewal offering

Mr and Mrs M's renewal invite was sent on 22 July 2024. It set out that the premiums for the next policy year were offered at £2,915.79, versus £1,950.08 for the current policy year. I can understand why this would've been unsettling information for Mr and Mrs M to receive.

The renewal invite also stated:

"You have been with us for a number of years. You may be able to get the insurance cover you want at a better price if you shop around. If you do, make sure you compare your standard cover, your extras and things like excesses which you can find in your schedule."

Mr and Mrs M have said their hands were tied, to a certain extent, as other insurers they enquired about taking cover with wanted a certificate showing the 2017 claim/works had been resolved. Whilst I'm not considering the 2017 claim here, I can say that generally a claim will still be recorded as 'open' until the claim has been resolved. I'll return to this point later in the decision.

I'm satisfied the renewal invite clearly set out the relevant information in a sufficiently clear way to allow Mr and Mrs M to make an informed decision about whether they wished to renew.

The renewal price

It's important to clarify, an insurer will calculate a price for a policy based on the risk presented. This risk can change year on year, so it's not unusual or uncommon at all for prices to increase – even though a customer may think their personal circumstances as well

as the details relating to their home remain the same. For example, Mr and Mrs M have referred to some of the subsidence remedial works meaning their home is less likely to be impacted by subsidence in the future. But esure and other insurers will take into account a whole range of factors when calculating the risk.

It's been widely publicised over the last couple of years that the price of insurance has increased due to claims inflation, climate change and insurers facing rising costs in settling claims.

esure have provided a detailed breakdown and a written explanation from a senior underwriting manager of how the renewal premium was calculated.

In an email following our Investigator's assessment and after referring to our website which outlines the approach we take on these types of complaint, Mr M stated:

"I do believe I have been discriminated against as although you mention in your note that similar policies would have got the same terms this is not correct as according to them I would not have been even offered a policy if I were a new client."

However, it's not my role, or the role of this Service to decide whether esure acted unlawfully or not, or breached the relevant legislation (including the Equality Act 2010) - that would be a matter for the Courts. My role is to decide what's fair and reasonable in all of the circumstances of this specific complaint - as per DISP 3.6.1
<https://www.handbook.fca.org.uk/handbook/DISP/3/6.html>

But when reaching that finding, I will take into account a range of factors - including relevant law and what we consider to have been good industry practice at the time. So, although it's for the Courts to say whether or not esure breached the Equality Act 2010 (or other relevant legislation), I'm required to take the Equality Act 2010 into account - if it's relevant, amongst other factors when deciding what is fair and reasonable in the circumstances of the complaint.

Having very carefully considered the underwriting evidence and the explanation of the factors that influenced it – I'm satisfied esure have treated Mr and Mrs M fairly and consistently when calculating their renewal premium. I appreciate this part of my answer will be frustrating for Mr and Mrs M, but I can't share with them the confidential evidence that underpins the renewal price.

Certificate of structural adequacy

Mr and Mrs M have said they needed a certificate of adequacy from esure related to the subsidence to allow them to source the market for other cover. Based on what I've seen, this certificate was provided on 2 September 2024 via email. Mr and Mrs M had chosen to renew on 16 August 2024 - ahead of their cover ending on 21 August 2024. These dates are important because, as outlined in their renewal acceptance letter dated 16 August 2024:

"After your policy has renewed you have 14 days from your renewal date to change your mind and cancel. If no incidents have occurred which could lead to a claim, we'll refund any payments made less a fee."

The relevant fee was £20 if cancelled within 14 days of the policy starting, or £35 for cancellation after 14 days as Mr and Mrs M had been insured for more than one year with esure.

This means Mr and Mrs M had the certificate they wanted within the 14-day cooling off window if they wanted to look for cover elsewhere with another insurer.

The £50 offer

In their final response letter, esure offered Mr and Mrs M £50 a gesture of goodwill due to the time taken to respond to their complaint. I consider this fair and reasonable given the brief delay.

esure have recently told us:

"I can confirm the £50 has not been paid, as the consumer did not provide the requested bank details to allow us to make the payment. These were requested in the FRL."

Therefore, for completeness, my decision will include a direction to now pay the £50 offer. This doesn't change the complaint outcome for reporting purposes, as that offer was already on the table prior to Mr and Mrs M referring the complaint to our Service.

My decision will no doubt disappoint Mr and Mrs M, but it ends our Service's involvement in this part of their dispute with esure.

Putting things right

Esure Services Limited need to pay Mr and Mrs M the £50 they offered in their final response letter.

My final decision

My final decision is Esure Services Limited has already made an offer to pay £50 to settle the complaint and I think that offer is fair.

So my decision is that Esure Services Limited should pay £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 24 March 2025.

Daniel O'Shea
Ombudsman