

The complaint

Mr B and Mrs B complain Tesco Underwriting Limited (Tesco) cancelled Mr B's car insurance policy without his knowledge, something they say they only found out when Mrs B (a named driver on the policy) was stopped by the police for driving while uninsured.

What happened

On 8 December 2021, Tesco sent Mr B a renewal quote for his car insurance policy, saying his policy would automatically renew on 4 January 2022. When he got the renewal, because his premium had gone up, Mr B went onto a comparison site to check for cheaper deals.

On 10 December, at 16:23, Tesco says it got an online "elapse" request form from Mr B, saying he didn't want his policy to renew.

On 10 December, at 16:42, Tesco says Mr B called to discuss his renewal quote, because he'd found cheaper deals with Tesco on the comparison site. Tesco's adviser went through the cheaper deals and Tesco's 8 December renewal offer with Mr B. He was then able to offer Mr B a cheaper renewal, starting on 4 January 2022, which Mr B accepted.

Finally on 10 December, Tesco sent Mr B a new set of insurance documents, including a certificate of motor insurance showing he'd have cover from 4 January 2022 to 4 January 2023.

On 13 December, Tesco says it actioned Mr B's online "elapse" request form. Mr B says he'd got an email from Tesco on that day saying his car insurance policy had ended. Also on that day, Tesco wrote to Mr B saying "*as requested, we have cancelled your Tesco Car insurance. Your cover ended on 4 January 2022.*" When he got the email, Mr B called Tesco because he was worried he was driving without insurance. Tesco's adviser reassured Mr B his current policy was in place until 4 January 2022.

In March 2022, Mrs B (who was driving with her grandson at the time) was stopped by the police for driving without insurance. Mrs B says she was very shocked. She says she called Mr B, who "*guaranteed*" there was insurance on the car. But she says when Mr B called Tesco, he was told his car had been uninsured since 4 January 2022, because his policy had been cancelled. Mrs B says Mr B asked Tesco to insure the car on the spot but it refused to do this or to give Mr B his no claims discount. To stop the car being impounded, Mrs B says Mr B was forced to insure the car with another insurer for £380 (whereas his cheaper Tesco renewal had been around £345) .

When Mr B and Mrs B complained to Tesco about what had happened, it didn't uphold their complaint. Tesco didn't agree it had cancelled Mr B's insurance without his knowledge. It says it actioned Mr B's online elapse request form, informed him when he called on 13 December that his cover would end on 4 January 2022 and sent email confirmation of this which was uploaded to his online account.

So Mr B and Mrs B brought their complaint to us. The investigator who looked at it upheld it. She said Tesco cancelled the policy after Mr B called to renew it, its cancellation letter

wasn't clear, as it didn't state the renewal was being cancelled, and the adviser Mr B spoke to on 13 December 2021 didn't clarify this either. She recommended Tesco reinstate Mr B's no claims bonus and pay £400 in compensation for the distress and inconvenience it had caused.

Tesco disagrees with our investigator's findings. It says it confirmed in writing and over the phone the policy would be cancelled on 4 January 2022. It says it's unfortunate Mr B "*misunderstood the situation*" but it was "*explicitly clear*" about the upcoming cancellation.

So Mr B and Mrs B's complaint has come 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 Mr B and Mrs B's complaint. I don't think Tesco made it clear to Mr B his policy wouldn't renew on 4 January 2022. I'll explain why by looking at the sequence of events.

On 10 December, Mr B called Tesco *after* he'd submitted the online elapse request form saying he didn't want to renew his policy based on the renewal quote from 8 December. Having listened to the call Mr B made to Tesco on that date, there's no doubt Mr B renewed his car insurance based on the updated (cheaper) quote Tesco's adviser gave him during that call.

On the same date, Tesco sent Mr B his insurance documents for the period from 4 January 2022 to 4 January 2023. These documents reflected the cheaper premium he'd been given by the Tesco adviser he spoke to on 10 December. Unlike the renewal invitation Mr B was sent on 8 December, the documents Mr B was sent on 10 December included his certificate of motor insurance for the period 4 January 2022 to 4 January 2023.

Following the call, and having got these documents, I think Mr B fairly and reasonably thought he had cover with Tesco for that period. I don't think there's anything in the sequence of events at this point that would've led Mr B to believe his car insurance wouldn't be renewed on 4 January. And even if he recalled having submitted the online elapse request form, I think he was entitled to assume it would've been superseded by the conversation he subsequently had with Tesco's adviser.

But on 13 December, Mr B called Tesco because he'd got an email saying his cover had ended. I haven't seen the email Mr B says he got but I've seen a letter Tesco sent Mr B about it. It's dated 13 December 2021 but it says "*Your cover ended on 4 January 2022*". So it refers to a future date in the past tense and to cover having "*ended*". If the text of the email Mr B got was the same as (or similar to) Tesco's letter of 13 December, I'm not surprised Mr B was confused by what it meant. I don't think Tesco's letter is at all clear that Mr B's cover *will end* on 4 January 2022. And I don't think Mr B – having renewed his policy by phone on 10 December – would've had reason to think the email/letter meant his policy renewal *would be* cancelled, rather than that his current cover *had been* cancelled.

Confused by the email, and worried he was driving without insurance, Mr B in my view did the right thing by calling Tesco for an explanation. Having listened to the call, it's clear to me from the very beginning that Mr B's *only* concern is that, for some reason, his *current* policy (that is, the one due to end on 4 January 2022) has been cancelled with effect from 13 December. It's equally clear Mr B is in no doubt he has a policy in place from 4 January 2022. His opening question to the adviser shows this: "*Am I insured until the 4th of January,*

when the new one (ie policy) kicks in?". The Tesco adviser Mr B spoke with reassures him the current policy runs until 4 January 2022. At no stage does the Tesco adviser tell Mr B he has no insurance cover in place *after* 4 January 2022.

It seems to me that what has gone wrong here is:

- Tesco actioned an online elapse request form to cancel Mr B's renewal that it shouldn't have acted on. That's because Mr B had renewed his policy by phone in a call that started about 15 minutes *after* he'd submitted the form on 10 December 2021.
- Tesco then sent Mr B a cancellation letter that didn't clearly state his policy wouldn't renew on 4 January 2022 but instead led him to believe, quite reasonably in my view, that his *current* policy had been cancelled for some reason.
- Tesco then didn't tell Mr B, when he called for an explanation about the cancellation letter and referred to his new policy "kicking in" on 4 January 2022, that there was no new policy starting on that date.

Mr B and Mrs B have lost out because of what Tesco did wrong. Mrs B says she was very shocked to be stopped by the police for driving uninsured – which I think is understandable. She says she was driving with her grandson at the time and he thought she was going to be taken away from him, which I think will have added to the stress Mrs B experienced. Mrs B says she's had problems sleeping because of her anger about the situation, which has had a "*huge impact*" on her.

I also think it must've been shocking for Mr B to find the car he believed (quite reasonably) to be insured was in fact uninsured – the very thing he'd been worried about when he called Tesco on 13 December. Mr B had the additional stress of being told by Tesco it wouldn't insure his car or give him his no claims discount. And then he had the inconvenience of having to find insurance elsewhere as a matter of urgency, to stop the car from being impounded, for a price (Mrs B says the new policy cost £380) that was more than Tesco's cheaper quote (of around £345). Finally, it seems Mr B had to pay his new insurance premium up-front when previously, with Tesco, he'd paid by monthly instalments under a finance agreement – and had agreed with Tesco in his call on 13 December to continue to pay in this way for the renewed policy. Mrs B says this left them unable to pay other bills.

In these circumstances, I think it's fair and reasonable for Tesco to pay Mr B and Mrs B £400 in compensation for the distress and inconvenience its cancellation of Mr B's policy renewal has caused them, including having to pay an increased premium to get Mr B's car insured elsewhere. I also think Tesco should reinstate Mr B's no claims discount and restore it to cover the period for which he was uninsured, since this wasn't Mr B's fault. Tesco should also remove all records of the cancellation of Mr B's policy from any internal or external databases.

My final decision

For the reasons I've given, I uphold Mr B and Mrs B's complaint and direct Tesco Underwriting Limited to:

- Pay Mr B £400 in compensation for the distress and inconvenience its cancellation of his policy renewal caused him and Mrs B;
- Reinstate Mr B's no claims discount, including for the period when he was driving uninsured; and
- Remove all records of the cancellation of Mr B's policy from any internal or external

databases.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 18 January 2023.

Jane Gallacher
Ombudsman