

## **The complaint**

Mr W has complained that Sainsbury's Bank plc collected money from his account for three months for a home insurance policy he didn't set up.

## **What happened**

In January 2022 Sainsbury's said there was no evidence to suggest the policy had been set up fraudulently, so it didn't uphold his complaint. It said that Mr W had made a request to claim back the monthly payments he had made from his bank and this left him owing Sainsbury's a balance of £57.01.

Sainsbury's said it would waive the outstanding balance in order to resolve Mr W's complaint.

Mr W contacted us as he remained unhappy. He said he'd wasted a lot of time trying to get the matter resolved with Sainsbury's and it still owed him money for payments it had collected from his account without his consent. Mr W wanted compensation for the distress and inconvenience Sainsbury's had caused him.

Our Investigator issued three views. In the first view she recommended the complaint shouldn't be upheld. Mr W disagreed and said he wasn't a customer of Sainsbury's. In a second view, the Investigator said we couldn't consider his complaint as Mr W wasn't an eligible complainant.

In a third view, the Investigator recommended the complaint shouldn't be upheld. She explained that as Sainsbury's had issued a final response letter to Mr W and provided him with referral rights to this service, we could consider his complaint on its merits. As there was no evidence a policy had been set up fraudulently, and Sainsbury's appeared to have put Mr W back in the position he would have been in had the policy not been set up, she thought it had done enough to resolve the complaint.

Mr W didn't agree. He asked if this service has considered evidence to show he was a customer of Sainsbury's.

I issued a provisional decision on 20 December 2022 intending to uphold Mr W's complaint. We asked Sainsbury's to provide proof of Mr W's application for the policy and what payments Mr W had made and what they were for. Sainsbury's didn't provide this information. So I gave both parties an opportunity to provide further comments and information before I made a final decision. I said I intended to request Sainsbury's pay Mr W £100 compensation and to cancel Mr W's policy from outset, providing the appropriate refund and adding interest to the refund amount.

Mr W accepted my provisional decision. Sainsbury's didn't respond. So the case has been

passed back 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.

As I haven't received any new information, my final decision is along the same lines as my provisional decision.

In order to say Sainsbury's acted reasonably it needs to be able to show it acted in accordance with Mr W's instructions in setting up the policy. Mr W told us that he complained to Sainsbury's in October 2021 about having had three payments taken from his account for a policy he didn't set up. He hasn't specified what months the payments were taken.

We have received limited information from Sainsbury's. To support its decision not to uphold Mr W's complaint we asked it to provide proof of his application for a policy: either through a recording of a sales call or screenshots of the online application.

In August 2022 Sainsbury's told us the policy was cancelled mid-term with an outstanding balance of £57.01. It provided a home policy schedule which showed a mid-term change date for October 2021, with an expiry date for the policy of July 2022.

This would suggest the policy originally started in July 2021. In line with what Mr W told us, this seems to tie in with his complaint that three months payments - since July 2021 - had been taken from his account when he complained to Sainsburys in October 2021.

We asked Sainsbury's to show what payments had been made and what the breakdown of payments returned were. Sainsbury's hasn't provided this. It isn't clear from the policy schedule what the mid-term change was in October 2021.

Sainsburys said that the only person to benefit from the policy was Mr W. I agree. But the fact remains that evidence to support Sainsbury's set up of the policy hasn't been provided.

So in the absence of this key information, I can't conclude that Sainsbury's has reasonably resolved Mr W's complaint. I think as a broker, Sainsbury's should be able to provide proof of a policy - for the customer as well as this service - in order to say there is no evidence of a fraudulent set up of a policy.

In the absence of any details as to when the policy was started and the amounts Mr W paid, I think Sainsbury's should cancel the policy from the outset and provide Mr W with a full refund minus any amount he claimed directly from his bank. It should pay interest on the refund at a rate of 8% simple interest from the date of payment to the date it reimburses Mr W. It should ensure the cancellation isn't recorded against any internal or external databases.

My requirements are on the basis no claim was received by Sainsbury's during the life of the policy.

I think Sainsbury's should pay Mr W £100 compensation for the distress and inconvenience caused.

### **My final decision**

My final decision is that I uphold this complaint. I require Sainsbury's Bank plc to do the

following:

- arrange for the cancellation from outset of the policy it hasn't provided proof of application for.
- Ensure the cancellation isn't recorded on external or internal databases as a cancellation by Sainsbury's.
- arrange for Mr W to receive the equivalent of a refund adding interest at a rate of 8% simple interest a year from the date of the policy to the date of reimbursement - subject to no claim having been received under the policy.
- Pay Mr W £100 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 14 February 2023.

Geraldine Newbold  
**Ombudsman**