

The complaint

Mr and Mrs M complain that Sainsbury's Bank Plc failed to provide them with adequate information when dealing with their home insurance policy.

What happened

Mr and Mrs M had an insurance policy with Sainsbury's, which they took out in June 2021. They say that in September 2021, Sainsbury's was informed of a change of address and of future renovation works at the new address.

But, Mr and Mrs M say no advice was provided at the time, and they weren't told that the insurance may be affected by the future renovation works. Only when Mr and Mrs M later advised Sainsbury's the works were commencing, were they told the policy would have to be cancelled.

Mr and Mrs M then struggled to find affordable insurance elsewhere and were left uninsured for a number of months, causing anxiety and leading to them feeling unable to leave the home for anything more than a few hours at a time. As well as incurring the cost of installing CCTV in an attempt to help reassure themselves.

Mr and Mrs M complained about this, saying they may have been in a better position if they'd known in advance their insurance would have to be cancelled. Sainsbury's apologised for not having made things clear in September 2021. They offered to refund the cancellation fee and pay £50 compensation.

Mr and Mrs M didn't think that was sufficient in the circumstances so brought their case to us. An investigator here looked into the matter, they said the offer had been fair and that there was insufficient evidence to show Mr and Mrs M had suffered a greater loss as a result of what had happened.

Mr and Mrs M didn't agree, so the matter was passed 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.

First of all, it would be helpful for me to acknowledge that Mr and Mrs M have referred to a number of Financial Conduct Authority (FCA) rules which they consider Sainsbury's to have breached. I'd like to reassure them that everything they have said has been considered, but I haven't commented on each and every point raised.

That isn't intended in any way as a discourtesy, it simply reflects the informal nature of our service. I have focussed on what I consider to be the key points in this case.

I'm very sorry to disappoint Mr and Mrs M, but I think Sainsbury's have offered suitable compensation already. That is not to say they haven't done anything wrong, but when we consider compensation in cases of this nature it can tend to be modest. I'll explain why I

have reached this conclusion.

Mr and Mrs M say that if they'd been given better information back in September 2021, then they would have had more time to find cover which could continue once the renovations began. They also say it was more difficult to find appropriate cover after the work had started.

While I appreciate Sainsbury's have apologised for what happened, it is worth pointing out that underwriting criteria can frequently change. That means it was possible the cover could have been extended to include a property being renovated in April 2022, it just mightn't have been known earlier.

I understand this will sound like speculation, and that Mr and Mrs M have said they don't have an intimate knowledge of how insurance works, but it is always the case that when the terms of cover are changed by a consumer the insurer also has the option of changing the terms of what they're willing to offer. Policies will generally have a degree of flexibility, as is the case here – but ultimately – it is for the insurer to decide whether or not it continues.

Mr and Mrs M have said that they read the terms of cover and understood that when changes were made (i.e. renovations began) then the insurer may charge an additional premium or may cancel the cover. So, while Sainsbury's could have reminded them of this in September 2021, I can't say they weren't already aware.

Once the renovations began, and Sainsbury's were informed, the policy was cancelled. I know Mr and Mrs M have also said that part of the reason they struggled to find cover, or competitive cover, elsewhere after that was because they'd been disclosing that their insurer had cancelled their policy. And they only later discovered that the cancellation wasn't the type of one they needed to declare.

But when the policy was cancelled, Mr and Mrs M were sent a letter which said that it was them who cancelled the policy – not the other way around. So, while I can understand the confusion there, I don't think it was entirely down to Sainsbury's.

I'm also mindful that Mr and Mrs M will have saved money during the period they were uninsured. I appreciate that might not have given the comfort that being insured would have provided but it is still a factor worth considering, alongside the compensation offered.

Overall, while it's clear that Sainsbury's could've been clearer with Mr and Mrs M, I don't think the resolution they offered was unfair.

My final decision

It is my final decision that I uphold this complaint. I require Sainsbury's Bank Plc to reimburse the cancellation fee and pay Mr and Mrs M £50 compensation (if they haven't already done so).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 7 March 2023.

Will Weston
Ombudsman