

## **The complaint**

Mr M complains that Sainsbury's Bank Plc (Sainsburys) collected his annual premium despite him cancelling the renewal, under his motor insurance policy.

## **What happened**

Mr M's motor insurance policy was administered by Sainsburys. He says he cancelled the auto-renewal using its online portal. He did this on 3 November 2022 prior to the renewal date of 21 November. He received confirmation via the portal that his policy wouldn't renew. As well as an email advising his auto-renewal subscription had been cancelled.

Mr M says Sainsburys took £738.47 from his bank account on 16 November 2022. He says he'd already arranged alternative cover at this point. He called Sainsburys to complain and asked for an explanation why it still held his card payment details. Mr M also requested a full refund plus the interest charged by his credit card company and asked for compensation.

In its complaint response Sainsburys says Mr M cancelled his auto-renewal in good time. It accepts his policy shouldn't have been renewed. However, it says Mr M chose to continue his insurance with Sainsburys when he called to discuss this. It says if he wants to cancel the policy it will waive all its fees. It asks that Mr M provides the schedule from his new policy, so it's able to request a backdated refund from his insurer. Sainsburys offered Mr M £50 in recognition of the upset he'd been caused.

Mr M didn't think Sainsburys had done enough to put things right. So, he referred the matter to our service. Our investigator didn't uphold his complaint. She thought the compensation offered was fair. She says when Mr M called Sainsbury's he was asked if he wanted to cancel his policy. This happened on two occasions and in response to both offers he said no.

Our investigator says it's fair that Sainsburys requests a full refund from Mr M's insurer on provision of his current policy schedule. But she didn't think it needed to do anymore. Mr M disagreed and asked for an ombudsman to consider his complaint.

It has been passed to me to decide.

I issued a provisional decision in October 2023 explaining that I was intending to uphold Mr M's complaint. Here's what I said:

### *provisional findings*

*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 my intention is to uphold Mr M's complaint. Let me explain.*

*There is no dispute that Mr M cancelled his auto-renewal. He gave sufficient time to allow this to be processed before the renewal took place. This means his policy shouldn't have*

*renewed. Based on this I think it's fair that Sainsburys should provide a full refund of the payment it took.*

*I've thought about Sainsburys' comments that Mr M was asked if he wanted to cancel the policy and he said he didn't. I've listened to two call recordings it provided from 22 November 2022. This is from when Mr M called to complain about the payment being taken.*

*In the first call the agent asks Mr M if he wants her to cancel the renewal before she logs his complaint. Mr M says no. He says he'd already cancelled the renewal on 3 November 2022 and removed his car details from the portal.*

*In the second call another agent asks Mr M if he wants the renewal to be cancelled. Mr M says, "no, it's all part of the complaint" he also says that he cancelled everything off. Later in the same call the agent repeats the question. Mr M says, "I don't think that makes a difference" he says he wants his complaint to go through and to be provided with the reference number.*

*Its clear Mr M didn't want his policy to renew. I don't think he needs to prove to Sainsburys that he arranged alternative cover to receive a refund. It accepts he cancelled the renewal. The annual premium was only taken because of its error.*

*I understand the point Mr M was making when he spoke to Sainsburys' agents. He'd already cancelled the renewal and wanted this considered as part of his complaint.*

*However, the cancellation could've been processed on 22 November 2022. A refund could then have been provided. This means Mr M could have avoided all or most of the interest charges raised by his credit card company. There may have been a charge for time on cover and early cancellation fees. These charges could've been considered within his complaint. But it would've made sense to agree to cancel the renewal and use the refund to pay off his credit card. Because Mr M didn't agree to this, I don't think it's reasonable to ask Sainsburys to pay his interest charges.*

*I can see that Mr M made a subject access request to Sainsburys, with his initial complaint. In his submission to our service in April 2023 he says this hadn't been responded to.*

*Sainsburys has since confirmed that a response was provided on 23 April 2023, after Mr M contacted our service. It's not clear why it took so long to respond. A response is expected under the General Data Protection Regulations within one month.*

*I've thought about the impact all of this had on Mr M. He was frustrated by Sainsburys' failure to act on his renewal cancellation. He had to make contact to highlight its mistake and to raise a complaint, which caused him inconvenience. But I think the matter could've largely been resolved had he agreed to cancel the policy on 22 November 2022. A full refund of the premium it took should be provided by Sainsburys. But I think its offer of £50 compensation fairly acknowledges the impact its mistake had here.*

*I said I was intending to uphold Mr M's complaint and Sainsbury's Bank PLC should:*

- *refund Mr M's renewal premium in full.*

*I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.*

*Mr M responded to say he called four times when he contacted Sainsburys to complain about the payment it took. He says he made a Subject Access Request, but these calls*

weren't provided to him. During the calls I referred to in my provisional decision, Mr M says he was frustrated and upset and couldn't understand why he would need to cancel something he'd already cancelled using Sainsbury's portal. He says his calls were handled poorly and some were disconnected. Mr M explains that he may have inadvertently said no, about the policy cancellation, but he says this is because he'd already mentioned cancelling the policy on 3 November 2022.

Mr M says Sainsburys subsequently refused to provide a refund unless he supplied evidence he'd obtained alternative cover. He says it should've cancelled the policy in light of the instructions he provided originally. Mr M says it has taken around a year to reach this point, and requests that Sainsburys pays him the interest from his credit card plus compensation. He says it's his responsibility to ensure his vehicle is covered, not Sainsburys.

Sainsburys responded to say the policy could've easily been cancelled when Mr M called, as he was within his cooling off period. But it says he didn't give it permission to do so. The business says the policy then ran for almost the full term before being cancelled, as a result of contact from our service. Sainsbury's says Mr M could've cancelled at any point prior to this. It says it wouldn't usually take instructions to cancel from a third-party due to the serious implications this could have. But it made an exception here in an attempt to resolve matters.

Sainsbury's says it couldn't have cancelled the policy without being instructed to do this. It says that as Mr M requested for his cover to continue, it allowed it to do so. As Mr M left his cover to run for over nine months Sainsbury's says it seems unreasonable to allow him to benefit from that cover at no cost.

### **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 acknowledge the comments Mr M makes about the standard of call handling. And I note what he says about having told Sainsbury's agent that he'd already cancelled the policy on 3 November 2022. This was the crux of his complaint. The indication being that he needn't provide further instructions to cancel the policy.

In my provisional decision I said it was clear that Mr M had given instructions for his policy not to renew. This was done well before the renewal date. Sainsburys should've acted on this instruction – but it didn't. It was entirely at fault for Mr M's premium being collected in error. I note what it says about Mr M requesting for his cover to continue. But I don't think he did request this. What he did was refer to the action he'd taken to cancel the renewal.

Sainsburys already had Mr M's instructions to cancel the policy when he called to complain. It was responsible for the policy renewing in error and therefore solely responsible for providing a refund. I don't think that the cooling off period Sainsburys refers to is relevant. Similarly, it wasn't for Mr M to provide evidence that alternative cover had been sought. Sainsburys had been given notice not to renew the policy and it should've acted on this.

In its final complaint response Sainsburys says that if Mr M provides his new policy schedule it can request a 'backdate' of his policy premium. My understanding is that Sainsburys intended requesting a refund from Mr M's insurer. I can understand that it wanted to avoid incurring costs. But it was at fault, not the insurer. Mr M instructed for his renewal not to go ahead. Sainsburys didn't follow his instructions, which caused a payment to be taken. It is responsible for refunding this payment to Mr M, not the insurer.

I acknowledge what Sainsburys says about not being able to cancel without the customer's permission. But Mr M had acted to stop the auto-renewal by using its online portal as he was entitled to do. Sainsburys then acted to provide him with a policy he didn't want and had explicitly instructed it not to arrange.

In my provisional decision I said I could understand why Mr M responded in the way he did when he spoke to Sainsbury's agents. In his response to my provisional decision, he says he was frustrated and upset at this time and may have inadvertently said no about the policy cancellation. But this was because he'd already mentioned that he'd cancelled the renewal on 3 November 2022 well before the new policy was set up.

As I explained in my provisional decision, I think Mr M could've acted to mitigate the interest charges he incurred, had he agreed to cancel the policy. I think Sainsbury's is entirely responsible for refunding Mr M's premium, but he could've accommodated its request to confirm his cancellation. This would've meant a refund was provided sooner, avoiding the interest charges on his credit card. So, I won't ask it to pay these costs.

I also think Sainsbury's offer of £50 compensation was fair for the inconvenience it caused Mr M when he had to make contact to request a refund. Having considered Mr M's further comments, I'm not persuaded to add to this amount.

### **My final decision**

For the reasons I've given above and in my provisional decision, my final decision is that I uphold Mr M's complaint. Sainsbury's Bank PLC should:

- refund Mr M's renewal premium in full.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 8 December 2023.

Mike Waldron  
**Ombudsman**