

The complaint

Mrs J complains that Marks & Spencer Financial Services Plc trading as M&S Bank have charged her a monthly premium for travel insurance as part of her M&S Club Rewards which she wasn't aware she was paying for.

What happened

In 2009 Mrs J signed up for M&S Premium Club as part of her credit card account. The Premium Club provided Mrs J with various benefits and the initial cost was £10 per month. Mrs J was provided with a welcome pack when she joined.

The Premium Club has changed over the years and is now called M&S Club Rewards.

Mrs J noticed that Club Rewards was being advertised at £10 per month. She checked her credit card statement and saw that she was being charged £25 per month. Mrs J contacted M&S Bank and was advised that the extra £15 per month she was paying was for travel insurance.

Mrs J complained to M&S Bank. She said she had no idea that she'd been paying for travel insurance since she signed up for the scheme and wasn't aware that it was part of Club Rewards.

M&S didn't uphold the complaint. It said it had sent annual letters to Mrs J about the travel insurance and said the welcome pack she'd received when she joined the scheme would've explained that travel insurance was included.

Mrs J remained unhappy and brought her complaint to this service. She says she hasn't received any letters about travel insurance and wants the additional premiums she's been charged refunded.

Our investigator upheld the complaint. They said that because M&S Bank hadn't been able to provide copies of the letters it says were sent to Mrs J each year about travel insurance, and because there was no evidence about what Mrs J was told about travel insurance when she joined the scheme in 2009, there wasn't enough evidence to show that Mrs J ought to have been aware that she was paying an additional premium for travel insurance. The investigator said that M&S Bank should refund Mrs J's travel insurance premiums since 2009 and pay interest on this amount.

M&S Bank didn't agree. It said that whilst it couldn't provide letters specifically addressed to Mrs J about travel insurance, it had sent letters every year and believed it unlikely that Mrs J hadn't received any of them.

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.

Mrs J hasn't retained the welcome pack she was given when she joined the Premium Club in

2009 and M&S Bank hasn't been able to provide a copy. So I've undertaken my own research and have found a press release dated 21 May 2009 in which M&S Bank announced the launch of the Premium Club. In the press release, it states that the Premium Club will offer shopping and travel membership benefits, including triple loyalty points on the M&S credit card for all shopping at M&S, special treats throughout the year including birthdays, and worldwide multi trip family travel insurance. The fee for the Premium Club was £10 per month.

Based on what I've seen, travel insurance was initially included as a benefit of the Premium Club at no additional cost.

The M&S Bank Club Rewards launched in summer 2021 for new and existing M&S credit card customers. The fee was £10 per month and included benefits such as extra points, discounts and free hot drinks at M&S. I haven't seen any reference to travel insurance as one of the benefits of Club Rewards, although I can see that travel insurance can be added at extra cost.

Mrs J has said that she's been charged £15.00 per month for travel insurance, which decreased to £12.50 per month during the pandemic.

It isn't clear to me, based on the information I've seen, when Mrs J was first charged extra for travel insurance. As I've said, initially, travel insurance was included within the £10 monthly fee for the Premium Club. I haven't seen any evidence to show when or how Mrs J was advised that there would be an additional cost for travel insurance, or any evidence that Mrs J made a positive choice to continue with the travel insurance at extra cost. I would expect M&S to be able to provide copies of letters sent to Mrs J about this.

M&S Bank has said that when it provides travel insurance, it is required to send out an annual eligibility statement to remind the customer what they have cover for. It has provided a schedule of dates when these letters were sent to Mrs J but hasn't been able to provide a copy of the specific letter. I've reviewed the schedule of dates but this isn't sufficient to persuade me that the letters were sent to Mrs J. Even if Mrs J had been sent and had received the letters, I don't think this would've alerted her to the fact that she was being charged for travel insurance, when previously the insurance had been a benefit of the Premium Club at no additional cost over and above the £10 per month.

Mrs J has expressed concern that she's been paying monthly for travel insurance since she got the card in 2009. I think this is unlikely. As I've explained above, travel insurance was initially included within the £10 per month Premium Club fee. Mrs J isn't disputing the £10 per month fee. It's only from the point when M&S began charging Mrs J more than £10 per month that she's been financially disadvantaged.

Taking all of the available evidence into account, I'm not persuaded that Mrs J was reasonably aware that she was being charged an additional fee for travel insurance. I don't think Mrs J would have carried on paying for travel insurance if she'd been made aware that there was an additional charge for this, as she's explained that she rarely travels and therefore doesn't need travel insurance.

Putting things right

To put things right, M&S Bank should calculate how much extra Mrs J has paid for the travel insurance element of the scheme and refund this. It should also pay 8% simple interest on the amount refunded, calculated from the date of payment to the date of settlement.

My final decision

My final decision is that I uphold the complaint. Marks and Spencer Financial Services Plc trading as M&S Bank must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 29 February 2024.

Emma Davy
Ombudsman