

The complaint

Mr and Mrs J have complained that Saga Services Limited ('Saga') has refused to provide a premium refund when they cancelled their policy.

What happened

Mr and Mrs J had an annual multi trip travel insurance policy which started in February 2023. In October 2023, Mr and Mrs J asked Saga to cancel the policy as they now had travel insurance through their bank account.

Saga cancelled the policy but didn't provide a refund so Mr and Mrs J complained. Unhappy with Saga's response, they referred their complaint to the Financial Ombudsman Service.

Our investigator looked into the complaint but didn't think Saga had done anything wrong as it had acted in line with the terms and conditions of the policy.

Mr and Mrs J disagreed and said the cancellation clause in the policy was unfair and a pro rata refund minus a cancellation charge would be fairer.

So the case has been passed to me for a final decision.

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 don't think this complaint should be upheld. I'll explain why.

- I would like to reassure Mr and Mrs J that I have carefully considered everything they have said as well as the relevant industry rules, law and guidance relating to cancellation of insurance contracts and premium refunds. My decision will focus on what I consider to be key.
- Mr and Mrs J cancelled their annual travel insurance policy around 4 months before it was due to end and so they wanted a pro rata refund.
- The terms and conditions of the policy say no refund of premium will be available if the policy is cancelled after the statutory cooling-off period. As Mr and Mrs H didn't cancel the policy within 14 days, they are not entitled to a refund.
- If an insurer has commenced to bear a risk, for however short a time, the premium paid is not returnable. In this case, the insurer was on risk for around 8-9 months out of the 12 months Mr and Mrs J were insured for. This was a significant period of time.
- Mr and Mrs J say the term relating to no premium refund is unfair. But the term is clear and based on insurance law and the statutory cooling off period. I don't think it is unfair.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J and Mr J to accept or reject my decision before 13 March 2024.

Shamaila Hussain
Ombudsman