

The complaint

Mrs S has complained about Sainsbury's Bank Plc which administered her car insurance policy. Mrs S had arranged for the policy to auto-renew – but Sainsbury's changed that.

What happened

Mrs S arranged her insurance via Sainsbury's. She selected to have it auto-renew as she didn't want to risk being uninsured. The policy renewed on that basis until 2023.

In August 2023 the policy was due to renew. But Sainsbury's noted the price for renewal had doubled. As Mrs S was paying her premium via a credit agreement it had a duty to ensure that any arrangement for credit was suitable for Mrs S. So Sainsbury's took the policy off auto-renew in order to ensure it wasn't leading Mrs S into a credit agreement without the correct checks being completed. Sainsbury's renewal pack – uploaded on to the customer portal – and a letter sent to Mrs S by email explained the policy would not auto-renew. The detail on the portal and in the email explained what Mrs S would need to do to renew her cover – and that if she didn't act, she'd be uninsured because the policy would lapse.

Mrs S did not contact Sainsbury's. The policy lapsed. Sainsbury's sent a letter to Mrs S in the post confirming cover had ended.

In September 2023 Mrs S changed address. In October 2023 she was driving when the police stopped her and told her she had no insurance. Mrs S discovered the Sainsbury's policy had not auto-renewed. The police offered to resolve the matter with a fine and penalty points. But Mrs S noted that penalty points, given her type of licence, would prevent her from driving, which would put her job at risk. She felt this was Sainsbury's fault and decided to defend the driving charges in court. In the meantime she complained to Sainsbury's.

Sainsbury's said it had switched the auto-renew function off so Mrs S could choose whether or not to renew. It said it had communicated this to her. It didn't think it had done anything wrong. Mrs S disagreed and complained to the Financial Ombudsman Service.

Following our Investigator issuing an initial view, Sainsbury's clarified that it had no idea Mrs S was using her car to get to and from work – her policy hadn't included cover for commuting. It said it had written to Mrs S when the policy lapsed at the address it had for her in August 2023 – noting she had not called it to advise her address had changed which, had she done so, would have alerted her to the fact she had no cover.

Our Investigator, noting that Sainsbury's had emailed Mrs S and posted a letter to her regarding the important information about her renewal, felt it had acted fairly and reasonably. She wasn't persuaded it could or should have done more to communicate this detail to Mrs S. She noted Mrs S felt it should have called her – but our Investigator was satisfied that it having attempted to contact Mrs S by two methods was sufficient.

Mrs S remained unhappy. Her complaint was referred for an Ombudsman's 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.

I appreciate that Mrs S did not know the policy had not renewed. Also that she had selected auto-renew to avoid just this type of situation from occurring. But as the driver of a car she does bear some responsibility for ensuring that she has the correct cover in place – she can't reasonably pass that duty off entirely to her insurance administrator.

That said, Sainsbury's also had a duty to be clear with Mrs S about what was happening. It had provided the policy on the basis of it auto-renewing – and it understands the consequences of cover not renewing when a policyholder is or might be unaware of that. So Sainsbury's is expected to be clear in its policy about the fact it can choose to change the auto-renew status of cover. It is also expected to make it clear to a policyholder when it chooses to do that.

Sainsbury's policy does include the following:

"In a small number of cases, we won't automatically renew your policy. We'll tell you on your notice of renewal if this is the case."

So it is clear with its policyholders that it may choose to not auto-renew cover.

I also think its relevant here that Sainsbury's did not choose to change this for Mrs S with no good reason. I note the policy increase meant Sainsbury's would need to make sure it was complying with consumer credit rules.

When it made the decision to take the policy off of auto-renew, Sainsbury's communicated that to Mrs S in her policy documents, uploaded to the portal. But to ensure she received this important detail it emailed her as well. I know Mrs S said she did not receive the email – but there are many possible reasons why emails aren't received. What is important for my consideration is to know that Sainsbury's sent an email. And it has shown that it did.

As Mrs S didn't respond, the policy lapsed. Sainsbury's acted to confirm this lapse by a letter sent in the post.

It was October before Mrs S was made aware, by the police, that she had no insurance. I'm satisfied though that Sainsbury's sent her communication via two different methods to let her know her policy would lapse if she didn't act and then that it had lapsed. I think that was fair and reasonable of it in the circumstances.

I know Mrs S has said that was unfair given many people are on holiday in August – meaning receiving a letter might be less likely. However, it wasn't until October that Mrs S was stopped by the police – which should have given her plenty of time to catch up with her important documents/post. Although I note that even when Mrs S moved house, she did not update Sainsbury's in that respect. So I'm not persuaded I can reasonably blame Sainsbury's for her missing the posted communication.

I've seen detail Mrs S has provided to support her argument that Sainsbury's should have called or text her. But just because some businesses send communications by mobile technology doesn't mean that is the only reasonable form of communication. As our Investigator explained, we expect an insurer to send detail about important changes by two different methods of communication. As I noted above, Sainsbury's did that here by emailing Mrs S and writing to her in the post. I'm satisfied it acted fairly and reasonably.

It is regrettable that Mrs S now finds herself in such a tricky position in light of the consequences of driving without insurance. On this occasion though I find that those consequences are not something I can reasonably hold Sainsbury's liable for.

My final decision

I don't uphold this complaint. I don't make any award against Sainsbury's Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 2 August 2024.

Fiona Robinson
Ombudsman