

The complaint

Mr L has complained that the broker Sainsbury's Bank Plc provided a poor service and failed to provide a refund when he bought two home insurance policies through it with Mrs L.

What happened

Mr L bought a home insurance policy through the broker Sainsbury's via a comparison website in June 2023, to start on 23 June 2023.

A few days later he bought another home insurance policy – through the same broker and insurer – via a different comparison website. This policy started on 26 June 2023.

On 24 July 2023 Mr L contacted Sainsbury's. He realised he was dually insured as there were two Direct Debit payments due. So he asked Sainsbury's to arrange for one of the policies to be cancelled.

Sainsbury's said it would contact the insurer to arrange a refund and cancellation of one of the policies.

In August 2023 Mr L raised a complaint with Sainsbury's as he hadn't received a refund.

In October 2023 Sainsbury's upheld Mr L's complaint and paid him £75 compensation for the distress and inconvenience caused. It said any decision to backdate a cancellation and provide a refund was the decision of the insurer.

Our Investigator recommended Sainsbury's increase the compensation it paid for its delay in contacting the insurer to arrange a cancellation. She discovered that Sainsbury's hadn't contacted the insurer until 26 September 2023, so over two months after Mr L contacted Sainsbury's.

Sainsbury's provided a breakdown of the premiums paid and the refund due following cancellation fees, arrangement fees and time on cover. The outcome was that Mr L wasn't due a refund under either of the policies.

Sainsbury's said Mr L hadn't paid any premiums toward one of the policies. – and two monthly premiums toward the other. The Investigator asked Mr L to provide evidence if he didn't agree with these sums. Mr L didn't provide anything to contradict what Sainsbury's said.

The Investigator recognised that because there was no final refund owed to Mr L by the insurer, Sainsbury's poor service didn't change the outcome. But she said that Sainsbury's had given Mr L incorrect information about the situation when he chased it in August 2023, and didn't tell Mr L when it replied to his complaint in October 2023 of its delay in passing his request to the insurer.

So for the poor service, and failure to manage Mr L's expectations during the two month period, she recommended Sainsbury's increase the compensation award to £150.

Mr L accepted the Investigator's recommendation.

Sainsbury's doesn't agree. In summary it says the compensation it has already paid is enough for the delay it caused.

So the case has been 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.

Having done so, I intend to uphold it.

I think it's clear from the communication from Mr L that he believed Sainsbury's had contacted the insurer from his first enquiry on 24 July 2023. But Sainsbury's had further opportunities from contact with both Mr L and the insurer in August 2023 to realise it hadn't asked the insurer to deal with Mr L's request from 24 July 2023.

On 31 August 2023 Mr L chased again and according to Sainsbury's notes, they advised him "*no update yet*". However, the first time Sainsbury's contacted the insurer with Mr L's request was on 26 September 2023.

Sainsbury's didn't mention when it had contacted the insurer in its response to Mr L's complaint about a delay on 30 October 2023.

So while I think Sainsbury's compensation award of £75 goes some way to resolving the complaint, I don't think it is enough. I therefore agree with the Investigator's recommendation and my remedy is set out below.

My final decision

My final decision is that I uphold this complaint. I require Sainsbury's Bank Plc to pay Mr and Mrs L a further £75 in addition to the £75 compensation it has already paid for the distress and inconvenience its delay contacting the insurer caused him.

Sainsbury's Bank Plc must pay the compensation within 28 days of the date on which we tell it Mr L accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If Sainsbury's Bank Plc considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr L how much it's taken off. It should also give Mr L a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mrs L to accept or reject my decision before 8 January 2025.

Geraldine Newbold
Ombudsman