

The complaint

Mr B complains that the broker for his motor insurance policy, Sainsbury's Bank Plc, charged him after he cancelled his policy during the 14 day cooling off period. He wants a refund of his premiums.

What happened

Mr B called Sainsbury's to complain that he was still paying for a policy after he had sent it a letter to cancel it two months earlier. Sainsbury's said it hadn't receive this letter. Mr B explained that he was no longer the car's registered owner. Sainsbury's asked for evidence that the car had been sold or off the road (SORN). It said it would then ask the insurer to backdate the policy cancellation to the date the vehicle was sold, SORN or dual insured. But Mr B didn't then provide this evidence. Sainsbury's said it charged Mr B £55 for cancelling the policy.

Our Investigator recommended that the complaint should be upheld in part. She didn't see evidence that Mr B had sent a letter to Sainsbury's asking to cancel. She thought it was fair and reasonable for Sainsbury's to ask Mr B to provide evidence that the car was sold, SORN or dual insured. But she thought it should have cancelled the policy when Mr B called it, rather than waiting for a further week. So she thought Sainsbury's should backdate the cancellation to the date Mr B called it.

Mr B replied providing the log book for the car with the new owner's name and the date when she acquired the car. Sainsbury's replied that it couldn't cancel the policy when Mr B called as it said he'd sold it to a family member, and he could still be driving it. It said it was for the insurer to decide to backdate the cancellation. It said it had passed the log book to the insurer which had asked Mr B to also provide "*a copy of the DVLA reply slip following the change of ownership*". Sainsbury's disagreed that it was responsible for any aspect of Mr B's complaint.

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 can understand that Mr B wouldn't want to pay for a policy that wasn't needed. And I can understand that he feels frustrated that he hasn't received the full refund of premium he expected. Our approach in cases like this is to consider whether the broker's acted in line with the terms and conditions of the policy and fairly and reasonably.

Sainsbury's said it wasn't responsible for any aspects of Mr B's complaint. But I disagree as Sainsbury's is the broker and administrator of Mr B's policy. And so it's responsible for managing any requests for cancellation whilst the insurer is responsible for calculating any backdated cancellation.

Mr B said he wrote a letter to Sainsbury's to cancel his policy during the 14 day cooling-off period as he had taken out other cover and was dual insured. But Sainsbury's was unable to locate this letter and Mr B unfortunately hasn't retained evidence that he sent it. We're an

evidence-based service. And so without evidence I can't say that Sainsbury's should have acted to cancel the policy during the cooling-off period.

Mr B said two months later he noticed that he was still paying for the policy and so he called Sainsbury's to complain about this. Sainsbury's asked him for a copy of the schedule for his new policy. It said it would then be able to ask the insurer to backdate the cover.

But Mr B then said the car was no longer registered in his name. It's a legal requirement to have the car insured. So I think Sainsbury's reasonably asked Mr B for proof to show when the car left his possession. It could then ask the insurer to backdate the cancellation.

Mr B has now provided the car's log book showing it to be in the name of a family member. I note the date of acquisition is well outside the 14 day cooling-off period. And so I think it's fair and reasonable for Sainsbury's to charge the £55 cancellation fee set out in its terms of business.

Sainsbury's sent the log book to the insurer, but it asked for further information, "*a copy of the DVLA reply slip following the change of ownership*". So I think Sainsbury's has done what it's required to do at this stage as the administrator of the policy and it's for Mr B to provide the further information for the insurer to consider. If Mr B is unhappy with this then he should complain directly to the insurer as it made this request, not Sainsbury's, and it's responsible for calculating the backdated premium.

Sainsbury's said that when Mr B called it after he noticed payments still being taken for the policy, he didn't then ask for the policy to be cancelled. But I disagree. I've listened to the call, and I heard Sainsbury's explain that it wouldn't cancel a policy after receiving a letter. It said it needed to speak to the policyholder to check this was a valid request, which I think is fair and reasonable.

But I think in this call Mr B made it clear that he wanted his policy to be cancelled. The agent said she wouldn't do that just yet and would look further into the letter Mr B said he'd sent. Sainsbury's said it hadn't made a mistake in not cancelling the policy as it needed to ensure that Mr B wasn't driving whilst uninsured.

But I don't think this is fair or reasonable. Sainsbury's agreed that he wasn't then dual insured as he hadn't taken out other cover. Mr B had explained that he didn't have any insurable interest in the car. So the contract no longer met his needs. And the Insurance Product Information Document (IPID) explains that all he needs to do is contact Sainsbury's.

So I think Sainsbury's should have cancelled the policy when Mr B called and then looked to see if the insurer would backdate the cancellation on production of evidence that Mr B had transferred ownership of the car.

And so I think the policy should have been cancelled on this date when Mr B requested it, not a week later, as he had made it clear that he no longer needed the policy. And so I think Sainsbury's should arrange for the policy cancellation to be backdated by six days whilst it awaits the insurer's decision on further backdating the cancellation.

Putting things right

I require Sainsbury's Bank Plc to arrange for the cancellation of Mr B's policy to be backdated to the date he first called it to cancel.

My final decision

For the reasons given above, my final decision is that I uphold this complaint in part. I require Sainsbury's Bank Plc to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or

reject my decision before 6 January 2025.

Phillip Berechree
Ombudsman