

The complaint

Mr B has complained that Nationwide Building Society changed the insurer of the travel insurance policy attached to his bank account, affecting his cover for a planned holiday.

What happened

In March 2024 Mr B booked a trip abroad beginning on 24 November 2024. He purchased a trip extension upgrade on the policy to cover him for the 136-day duration of that trip. At that time, the policy was provided by a particular company (Insurer A).

Around June 2024 Nationwide sent out notification that it was ending its arrangement with Insurer A and that cover would be provided by a new company (Insurer B) from 12 November 2024. It was said that Insurer B would be in touch 30 days prior to the handover date. This left Mr B with some uncertainty over his continuing cover and so he made a complaint.

Nationwide sent its final response letter (FRL) to the complaint on 9 July 2024. It explained that it was a business decision to change insurance providers. It said that Insurer B had confirmed that it would only provide cover for a maximum of 120 days. Therefore, Mr B may wish to consider purchasing separate insurance for this particular trip, and that he might also want to consider whether the policy provided with his current account remained suitable.

Upon contact from this service, Nationwide subsequently offered £50 compensation in acknowledgement of the distress and inconvenience caused to Mr B.

Our investigator thought that Nationwide had acted reasonably and was entitled to take a commercial decision about the provider of insurance attached to its packaged bank accounts.

Mr B disagrees with the investigator's opinion and so the complaint has been passed to me for a 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.

Mr B has said that his historical arrangements were made with Nationwide and that it was acting as his insurer. That is not the case. Nationwide offers various insurance policies as part of its packaged bank account. Although those policies are branded as Nationwide, which might give someone the impression they are dealing directly with it, its role in this scenario is that of insurance intermediary. That is clearly set out in the booklet entitled 'Your Guide to FlexPlus', a copy of which was provided by Mr B.

Therefore, contrary to what Mr B believes, Nationwide hasn't merely delegated its insurance function to another party, whom it could instruct to continue his existing level of cover if it so chose. Instead, as a bank, it has partnered with an insurer to provide the policy under the

banner of its packaged bank accounts. The terms of the policy have been put in place by the insurer and can only be exercised by the insurer. And so, what the insurer can and can't do, in terms of decisions about trip duration, is not something that Nationwide has any control over.

Therefore, Mr B's relationship was originally with Insurer A and he dealt directly with them to purchase the trip extension upgrade, under the terms of the policy applicable to the bank account until 12 November 2024.

Nationwide's decision to change the insurer providing its travel policies was a commercial decision that it was entitled to take, and something that this service wouldn't normally get involved with.

Mr B has said that, had he known what was going to happen, he wouldn't have booked the trip for 136 days. However, Nationwide provided sufficient notice of the change of insurer. Whilst it's very unfortunate that it came after Mr B had already booked his trip, I'm unable to conclude that Nationwide should have given notice any sooner.

Insurer B became the policy provider from 12 November 2024. Mr B knew in advance of his trip that he wouldn't be covered, so he had the opportunity to arrange alternative cover prior to travelling. However, as I understand it, he decided to travel without having cover in place.

I've thought very carefully about what Mr B has said and I understand how strongly he feels about this issue. But, overall, I am unable to conclude that Nationwide did anything wrong in changing its insurance provider to a new company that only agrees cover up to a maximum of 120 days.

However, Mr B clearly experienced some uncertainty about whether he'd be able to benefit from continuing cover. On balance, I'm satisfied that £50 is fair and reasonable compensation for the distress and inconvenience caused.

My final decision

For the reasons set out above, I don't uphold the main part of the complaint about the change of insurer. However, Nationwide Building Society should pay £50 compensation for distress and inconvenience, if it hasn't already done so.

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

Carole Clark
Ombudsman