

The complaint

Mrs P complains that Sainsbury's Bank Plc allowed a transaction to be debited from her credit card despite her Sainsbury's to stop it.

What happened

Mrs P's husband held a motor insurance policy with an insurer I'll refer to as X – Mrs P was a named driver on the policy. Mrs P became aware her husband's policy was due to automatically renew in November 2022. The policy was no longer needed. Mrs P called X but, as she wasn't the policy holder, it wouldn't discuss anything with her.

The insurance policy was due to be charged to Mrs P's credit card, so she called Sainsbury's in October 2024 to try stop the transaction. Sainsbury's agent said it could "*stop the merchant from taking any further transactions*". The agent did highlight a potential problem with how the merchant might take the payment but the agent said if X did somehow manage to charge the card again, Mrs P should let Sainsbury's know and it would raise a dispute for her. However, Sainsbury's agent later realised it wouldn't be able to stop the transaction, so they tried calling Mrs P back. When Mrs P didn't answer, they left a voicemail asking her to call back.

X went ahead and deducted the payment for its insurance policy renewal from Mrs P's credit card account in November 2024. Mrs P's husband later cancelled the policy, and received a pro-rata refund in January 2025. However, X retained £152.70 of the policy premium.

Mrs P complained to Sainsbury's, saying if she'd been told it wasn't possible to cancel the transaction she would've had time to find an alternative way of stopping the insurance policy from renewing and she wouldn't have been out of pocket by £152.70. Sainsbury's didn't uphold the complaint, so Mrs P referred it to our service.

One of our Investigators reviewed Mrs P's complaint and thought it should be upheld. Whilst the Investigator thought a chargeback and a claim under Section 75 of the Consumer Credit Act 1974 ('Section 75') were unlikely to succeed, Sainsbury's should have stopped X's transaction as Mrs P had told them she had not authorised the payment. So, the Investigator said Sainsbury's Bank Plc should pay Mrs P £152.70 plus interest at 8% simple per annum from the date the premium was charged to Mrs P's credit card until the date of settlement.

Sainsbury's Bank disagreed, saying it wasn't reasonable to expect them to stop the insurer's transaction, so this has come 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.

I've considered the relevant regulations, including the Payment Services Regulations. The first transaction for the original policy payment was unlikely to be a continuous payment authority, as it was simply the original authorised policy payment when Mrs P gave her

insurer her credit card details. The transaction that Mrs P has complained about, for the policy renewal, was likely a continuous payment authority as she hadn't given her credit card details to the insurer again, prior to the policy renewal (she had, in fact, tried to cancel the policy). It's likely the insurer held her card details from the original policy purchase. I'm satisfied the transaction complained about was likely resulting from a continuous payment authority, which Mrs P asked Sainsbury's Bank to stop in plenty of time before the payment was taken by the insurer. Under the regulations, As Sainsbury's Bank failed to stop the transaction, I think it is obliged to compensate Mrs P.

I also note that Sainsbury's identified it would be difficult to stop the transaction after speaking to Mrs P, but only left her a message and it doesn't appear they explained to her that she should try to resolve things with the insurer again. It doesn't seem that Sainsbury's wrote to her, which would've given her time to sort things out with the insurer. Instead, Mrs P was left with the impression the transaction could be stopped and, if it wasn't, she could simply dispute the transaction. So, in any event, this complaint should be upheld because Sainsbury's failed to explain things clearly to Mrs P in advance of the payment being taken.

I don't need to make a finding on whether Sainsbury's handled any potential claims under a chargeback scheme or Section 75 appropriately, as I think this complaint should be upheld for other reasons explained above.

Putting things right

Sainsbury's Bank Plc should pay Mrs P £152.70 plus interest at 8% simple per annum from the date the insurer charged her credit card until the date of settlement.

My final decision

I uphold this complaint and require Sainsbury's Bank Plc to do what I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 2 October 2025.

Victoria Blackwood
Ombudsman