

The complaint

Mr F complains Sainsbury's Bank Plc (Sainsbury's) unfairly cancelled his motor insurance policy.

What happened

Mr F took out a new motor insurance policy through Sainsbury's. In his application for a policy he declared nine years no claims discount (NCD).

Sainsbury's requested evidence of the NCD. Mr F provided some documentation, but this didn't include the information to validate the NCD declared. Sainsbury's cancelled his policy.

Because Mr F was not happy with Sainsbury's, he brought the complaint to our service.

After his complaint was brought to our service Sainsbury's offered to pay him £250 compensation. It also said it would consider a further payment for any difference in premiums paid for another motor insurance policy.

Our investigator upheld the complaint. They looked into the case and said Sainsbury's didn't act fairly in how it cancelled Mr F's insurance. However, they thought its offer of £250 compensation and the offer to pay a refund of any difference in policy premiums was reasonable.

As Mr F was unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

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.

The motor insurance policy started at the end of October 2024. Mr F sent in documentation which he believed proved evidence of the nine years NCD he had declared. I saw Sainsbury's tried unsuccessfully to contact Mr F to talk about this, and so a letter and email was sent to him on 4 November 2024. I saw this letter notified him the evidence received wasn't valid and requested he got in touch and said if it didn't hear from him, it would have to start the process of cancelling his policy.

The next correspondence Sainsbury's sent to Mr F was on 14 November 2024 and this informed him his policy had been cancelled because it hadn't heard from him.

Sainsbury's said it hadn't made an error because it had contacted him by all means of correspondence available to it to inform him of the issues, and the policy had been cancelled in line with the terms and conditions he had agreed to when taking out the policy.

I looked at the terms and conditions of the policy and it says:

"Our right (your Insurer and/or Sainsbury's Bank) to cancel your Policy

Your Insurer and/or Sainsbury's Bank has the right to cancel your Policy at any time by giving you 7 day's notice in writing. We or your Insurer will send a cancellation letter and/or email to the latest address/email address we have for you".

I saw Sainsbury's cancelled Mr F's policy ten days after it requested further evidence. Although it had told him it would have to start the cancellation process if he didn't provide the evidence it required, it didn't inform him the cancellation process had actually started, and didn't give him seven days' notice of cancellation. Because Sainsbury's didn't inform Mr F it had started the process of cancelling his policy before the cancellation took place the cancellation term wasn't followed correctly.

After the complaint was brought to our service Sainsbury's accepted it hadn't provided Mr F with a notice of cancellation. It said it hadn't followed its cancellation process and this had meant Mr F had less time to rectify the issue with his NCD validation. It offered £250 compensation to him for its error. It said due to the time that had elapsed since the policy cancellation it couldn't reinstate it. It offered to consider a further payment for any difference in premium Mr F incurred with his replacement insurance.

I think this is a fair and reasonable offer in the circumstances of this complaint. However for the avoidance of any doubt Sainsbury's must also provide Mr F with a letter to confirm his policy was incorrectly cancelled, which he can provide this to any future insurers should he experience any issues with motor insurance in the future.

Therefore, I uphold Mr F's complaint.

Putting things right

I require Sainsbury's to pay a total of £250 compensation and provide a letter to confirm the policy was cancelled in error. It must also consider payment of any difference in premiums paid for replacement motor insurance, if Mr F provides valid evidence of this.

My final decision

For the reasons I have given I uphold this complaint.

I require Sainsbury's Bank Plc to:

- Pay Mr F £250 compensation.
- Provide Mr F with a letter to confirm his policy was incorrectly cancelled.
- Consider a further payment for any difference in premium Mr F incurred with his replacement insurance if valid evidence is provided.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 5 August 2025.

Sally-Ann Harding
Ombudsman