

## **The complaint**

Mrs F complains about the cancellation of her motor insurance policy by Tesco. Mr F, a named driver on the policy has largely been dealing with this complaint on Mrs F's behalf. In my decision I'll only refer to Mrs F.

Mrs F's dissatisfaction relates to the actions of agents that were acting with Tesco's authority (this was confirmed in an email to our Service to cancel the policy). In this decision, any reference to Tesco includes the actions of those agents.

## **What happened**

Mrs F took a motor insurance policy with Tesco out on 4 February 2025. Shortly afterwards, Tesco contacted her to ask for proof of her no claims discount ('NCD'). Tesco say Mrs F didn't provide the NCD proof by the deadline they set and her policy was cancelled.

Mrs F raised a complaint and as she remained unhappy with Tesco's response, she referred it to our Service for an independent review. Our Investigator recently considered the complaint and recommended that it be upheld. As the dispute remains unresolved, it's now 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.

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

### *The scope of my decision*

It's not the role of our Service to tell businesses how they should operate. But when reaching my decision, I'll be testing the evidence to determine whether or not Tesco treated Mrs F fairly and in line with the policy terms when taking the decision to cancel her policy.

### *My key findings*

Mrs F has told us she *was* aware of the need to provide NCD proof to Tesco or the policy could be cancelled. She's said for various reasons – log in issues, password and upload issues she was unable to provide the NCD evidence prior to 6 March 2025. However, she's said she intended to contact Tesco on 6 March as she was of the understanding that she had all of that day to provide what was required. She's said that before she had an opportunity to call Tesco, she got notice that the policy had been cancelled - at around 11.30am.

Tesco on the other hand say they gave Mrs F good notice that they needed to received the NCD information by 6 March 2025 or the policy could be cancelled. They say the policy could be fairly cancelled from 8am onwards on 6 March, as the required information hadn't been received.

I've carefully considered the lead up to cancellation and whether it was made sufficiently clear to Mrs F when the deadline was and what the consequences would be of not providing the NCD information by that deadline.

After taking out this policy, Tesco wrote to Mrs F on 4 February 2025. They said (bold added for Ombudsman's emphasis when quoting below):

*"No Claims Discount: A discount on the cost of your insurance has been applied based on the number of years no claims discount you have. We may ask you to send proof of this **before 17 February 2025**, which can be uploaded into Your Insurance Account. Please only upload documents if we ask you to do this."*

I find a reasonable interpretation of this was, if Tesco need and ask for proof of the NCD, Mrs F would need to provide it before 17 February 2025. So, she had until midnight on 16 February to provide it, if requested. The use of the word 'before' here is important and I'll return to this point later in my decision.

On 10 February 2025, Tesco again wrote to Mrs F and this time they asked for NCD. They said:

*"Please get your proof to us **by 6th March 2025** or we may not be able to continue to insure you and will have to cancel this policy."*

*Please call us on... if you need any help or think there's been a mistake. You can also ask us to remove your no claims discount and we can recalculate the price of your insurance."*

I find a reasonable interpretation of this is Tesco needed the NCD evidence, at the latest, by the end of the day on 6 March 2025.

Tesco sent Mrs F a chaser on 14 February 2025, which again stated:

*"Please get your proof to us **by 6th March 2025** or we may not be able to continue to insure you and will have to cancel this policy"*

As above, I find that Mrs F reasonably interpreted the deadline as the end of the day on 6 March 2025, not 5 March 2025.

Tesco used the word 'before' in their initial letter dated 4 February 2025. Had they used 'before' in the subsequent letters to Mrs F, I'd agree that Mrs F missed a clear deadline. But I find that by using 'by' in both later letters, instead of 'on' or 'before', Tesco introduced unnecessary ambiguity and Mrs F interpreted this as meaning she had until the end of 6 March to get the NCD information to Tesco.

When making this finding I've considered any relevant Case law, alongside our fair and reasonable remit to investigate complaints. I acknowledge that I'm referring to communication from Tesco here *after* a contract of insurance had been entered into, but it could be argued (if necessary) that Tesco introduced a conditional stipulation (provide NCD evidence) as a condition to allow the contract to continue. I'd remind Tesco that they are the expert in this business relationship with Mrs F.

Arnold v Britton found that the language used is very important and shouldn't require interpretation. Afovos Shipping Co SA v R Pagnan & Fratelli found that where an action must happen on or before a specific date, the required party had until midnight on that date to complete the required action.

My point remains that the language/words Tesco used was very important – as non-compliance with it had the result of allowing an insurer led cancellation of the insurance contract.

#### *Other relevant points*

I'm not upholding this complaint because of any access issues Mrs F had. No evidence has been provided to support this, and it seems that these access issues were Mrs F's own doing, with various issues related to passwords etc. If Mrs F was having difficulty uploading or logging in, I'm satisfied Tesco had already made it clear how she could contact them.

Tesco have placed heavy emphasis on their calls with Mr F and what they say was his admission that the ultimate cancellation was down to his actions/inaction/mistake. This is irrelevant, in my opinion. I say this because if Tesco wanted to set a date or time deadline to allow policy cancellation in line with the policy terms (should that deadline not be met), it needed to be clear, fair and not open to interpretation.

#### *The impact on Mrs F*

- Tesco cancelled this policy and Mrs F took out a new policy at a greater cost.
- Mrs F has been caused avoidable annoyance, frustration and worry because of the cancellation.
- Tesco have confirmed that this hasn't been recorded as an insurer led cancellation on any relevant external database, but that Mrs F would need to answer any questions about previous insurance cancellation honestly with new insurers.

Tesco say they've not recorded a record of the cancellation externally (accessible by other insurers), but also that Mrs F *would* need to tell other insurers she's had a policy cancelled. I can't advise Mrs F on what to do – as that's her own decision to make, but I would draw attention to Tesco's statement that a record of this cancellation is *not* recorded on any external database that other insurers may rely on and I'll be directing Tesco to update all relevant internal records.

#### *Summary*

If Tesco's intention was that Mrs F needed to provide the NCD information before 6 March 2025, their communication didn't make this sufficiently clear. Mrs F has been caused avoidable distress and inconvenience because of Tesco's actions, and they'll need to put this right.

#### **Putting things right**

Tesco Underwriting Limited will need to:

- Refund to Mrs F the difference in the policy premiums between the cancelled policy and the more expensive policy taken out. 8% simple interest\* per annum will also need to be added to the difference, from the date Mrs F made payment for the new policy until the date settlement is paid to her.

- Refund of any additional administration or cancellation charges, if they were applied.
- Update all relevant internal records to reflect that this policy was incorrectly cancelled.

Whilst this decision will serve as a record, for completeness Tesco will need to provide Mrs F with a letter clearly explaining the circumstances of the cancellation, that it was an error on their (Tesco's) part and the policy was incorrectly cancelled because of an administration issue that Tesco are responsible for.

- Pay Mrs F £100 for any avoidable distress or inconvenience their actions have caused.

\* If Tesco considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs F how much it's taken off. It should also give Mrs F a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs, if appropriate.

### **My final decision**

My final decision is that I uphold this complaint. Subject to Mrs F accepting the decision before the deadline below, I require Tesco Underwriting Limited to follow my direction, as set out under the heading 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 31 October 2025.

Daniel O'Shea  
**Ombudsman**