

The complaint

Miss P has complained that Sainsbury's Bank plc trading as Sainsbury's Finance provided incorrect information to her which led to her paying a higher renewal insurance premium than agreed under her home insurance policy.

What happened

Miss P bought a home insurance policy with the broker Sainsbury's in June 2022. In October 2022 Miss P reported movement in her property and via the insurer, a subsidence claim was opened while Miss P's property was monitored.

Just before renewal in June 2023, Miss P's bicycle was stolen. On receiving her renewal documents she noticed her bicycle was still listed as an insured item, so she asked for it to be removed. This meant a small adjustment to the renewal premium to £652.04. Miss P had paid £344.27 for her policy in June 2022.

In June 2023 Sainsbury's told Miss P her policy would automatically renew. But this wasn't correct. Miss P needed to agree to the renewal premium and pay for the policy. Miss P's policy lapsed.

Sainsbury's provided an updated quote for a new policy starting on 1 August 2023 with a total premium price of £1,305.97.

Miss P complained to Sainsbury's. In August 2023 it upheld her complaint. It said the reason why the premium was higher than the original renewal premium was because it was based on incorrect information about Miss P's claims history. Sainsbury's hadn't included one of the claim and hadn't adjusted Miss P's No Claims Discount (NCD) years.

As the fault for the lapse of the existing policy wasn't Miss P's, Sainsbury's agreed the following to resolve the complaint:

- to meet the difference in the premium, so it charged Miss P £652.04 for the policy which started on 1 August 2023.
- to contact the insurer before the renewal date in August 2024 to ensure it calculates the renewal premium based on the amount Miss P paid in 2023, so £652.04.
- paid Miss P £270 compensation for the distress and inconvenience caused which included a sum of £66.01 Miss P had paid for alternative cover and cancellation fees.

Miss P accepted. However, in July 2024 Miss P contacted Sainsbury's as she hadn't received a renewal notice. Miss P continued to chase Sainsbury's which failed to provide a renewal premium quote until 30 July 2024, two days before the renewal date of 1 August 2024.

The renewal premium Sainsbury's quoted to Miss P was £1,925.10. It quoted a previous year's premium price of £1,220.07.

Miss P complained to Sainsbury's. She said it hadn't done what it said it would do in August 2023 by ensuring the insurer calculated this year's premium on the previous year's premium of £652.04. She was unhappy Sainsbury's had failed to provide a renewal price to her 21 days before renewal to give Miss P the opportunity to shop around. She explained that

because of the open subsidence claim, only a specialist broker could offer her alternative quotes, and this wasn't possible without an existing renewal quote.

Miss P said Sainsbury's had left her with one day's notice to pay a premium which was effectively 195% higher than she'd paid the year before.

Sainsbury's agreed Miss P didn't need to pay the premium while it investigated her complaint. But Miss P received a letter from Sainsbury's dated 3 September 2024 on 12 September 2024. This letter gave Miss P notice of cancellation of her policy on 13 September 2024. Miss P had to spend time on the phone and online in contact with Sainsbury's who confirmed the cancellation had been done in error and reinstated her policy.

On 17 September 2024 Sainsbury's replied to Miss P's complaint.

Sainsbury's said it couldn't comment on the delay caused by the insurer in not providing a renewal quote until 30 July 2024. It said it had kept Miss P informed of updates from the insurer. But Sainsbury's accepted it had breached its agreement with Miss P to provide her with a renewal quote in sufficient time. It said it had passed Miss P's complaint about the delay providing a quote to the insurer.

Sainsbury's said the reason why the renewal premium showed the previous year's premium at £1,220.07 instead of £652.04 was because it failed to include the bicycle theft claim and the reduction in No Claims Discount (NCD) years. So it said the previous year's premium of £652.04 wasn't correct due to agent errors.

Sainsbury's said the premium offered of £1,925.10 was the only one it could offer from the range of insurers it deals with, due to the open subsidence claim.

Sainsbury's gave Miss P fourteen days to decide if she wished to pay the premium for the policy, or look for a policy elsewhere.

Sainsbury's said that before it cancelled the policy on 13 September 2024 it had given Miss P notice and the reason why – which was due to non-payment of the premium. But it said this shouldn't have happened as it had agreed not to take the payment while it was investigating the complaint. Sainsbury's said it had quickly rectified things and reinstated Miss P's policy.

Sainsbury's offered Miss P £200 compensation for the distress and inconvenience caused.

On 24 September 2024 Miss P replied to Sainsbury's. She was unable to pay the premium via her account. She did not agree that Sainsbury's had kept her informed. It was she who had to chase Sainsbury's and at no point did Sainsbury's provide an update to her.

Miss P said the eventual renewal premium in 2023 was £1,305.97, not £1,220.07.

Miss P said Sainsbury's had not honoured the agreement to ensure her renewal premium was based on her previous year's premium of £652.04. If Sainsbury's hadn't offered this as a resolution in August 2023, Miss P said she would have brought that complaint to this service then.

Miss P didn't accept that Sainsbury's had given Miss P a reason for cancelling her policy. The cancellation notice dated 3 September 2024 did not give a reason. Miss P received the cancellation notice letter after returning from work on 12 September 2024 and so it was too late to contact Sainsbury's. The only reason why it was quickly rectified was due to Miss P having to take time off work the following day to contact Sainsbury's. This was unreasonable as Sainsbury's had agreed not to request payment until it had investigated her complaint.

On 30 September 2024 Miss P raised a further complaint as she had contacted Sainsbury's several times to pay the renewal payment but was unable to do so. Sainsbury's promised a call back but failed to do so.

Miss P was eventually able to make payment for her 2024 policy.

On 10 October 2024 Sainsburys said it wouldn't revisit the complaints it said it had already addressed. For failing to call Miss P back, it offered to increase the compensation of £200 by a further £50, so a total award of £250.

Miss P remained unhappy and asked us to look at her complaint. One of our Investigators thought Sainsburys' had done enough to resolve the complaint. This service set up a separate complaint about the premium pricing of the policy against the insurer.

Miss P wanted an ombudsman to decide. I issued a provisional decision on 4 September 2025 recommending Sainsbury's increase the compensation award to £450 to take into account a loss of expectation when dealing with the renewal of Miss P's policy.

Both parties replied to my provisional decision. I have addressed their comments in my findings.

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.

This service can only look at complaints brought to us in time. So while I cannot make a finding on the outcome of Miss P's complaint which Sainsbury's responded to on 17 August 2023, I can consider within our inquisitorial remit what Sainsbury's said here and the impact of that in relation to Miss P's complaint which Sainsbury's replied to on 17 September 2024.

On 17 August 2023, Sainsburys' wrote in response to Miss P's complaint;

"(agent name inserted here) has recorded the events on your policy, to ensure (insurer name inserted here) are contacted when it enters your next renewal cycle. We'll make sure (insurer name) calculate your next renewal premium based on the amount you've actually paid, and any other associated risks. (agent name) has also informed (insurer name) of this situation."

So I think Sainsbury's clearly agreed here that at renewal in 2024, it would ensure that the insurer calculated Miss P's premium based on a price she paid of £652.04 in 2023. Sainsbury's had incorrectly told Miss P her policy would automatically renew in 2023. But she needed to take action to renew the policy. As Miss P relied on what Sainsbury's told her, she didn't take action and this led to the policy lapsing, through no fault of Miss P's.

Sainsbury's said the reason why there was a difference in premium between £652.04 and £1,305.97 in 2023 was due its agent failing to record the correct claims history and NCD years.

In the renewal notice dated 30 July 2024, Sainsbury's quoted the previous year's insurance premium at £1,220.07. I agree with Miss P that this doesn't match the previous year's premium that Sainsbury's quoted of £1,305.97.

Since the Investigator's view, I asked Sainsbury's for more information. Sainsbury's says the reason why the previous year's premium quoted £1,220.07 was because during the policy year, Miss P made one of two mid-term adjustments. The second mid-term adjustment was made on 12 July 2024 which prompted an update to the renewal quote.

When insurers provide the previous year's premium, it will take into account any changes which have taken place under the policy during the previous year. So the premium quoted won't always match the yearly premium at the start of the policy the year before.

Under the renewal invite, Sainsbury's wrote;

"Last year's price shows the annual premium you would have paid, taking into account the changes you made over the last 12 months"

Sainsbury's has provided a copy of the Statement of Fact dated 12 July 2024 to show a mid-term adjustment was made. So I'm reasonably satisfied that this is the reason for the difference between these two sums.

In response to my provisional decision, Miss P says she didn't make any mid-term adjustment (MTA). Sainsbury's told her it carried out a MTA in July 2024 to prompt a renewal quote. Miss P wants to know what the MTAs were for.

I asked Sainsbury's for this, but it didn't reply. When listening to key call recordings provided between Sainsbury's and the insurer, an agent explained that she had removed the stolen bike as an itemised possession from Miss P's policy to trigger a renewal quote. (It didn't.) This accounts for one of the MTAs.

I've considered whether not having confirmation of the MTAs makes a material difference. As I said in my provisional decision, the crux of the issue is that Sainsbury's told Miss P it would ensure the 2024 renewal premium was based on a previous year's premium of £652.04. This didn't happen. And so I've considered whether Sainsbury's has done enough to put things right.

In order to do this, I need to look at the prices quoted by the insurer. But as Sainsbury's is the broker, I can only consider whether it has provided accurate information to Miss P. I cannot look at the pricing of the premium in this decision; so whether Miss P believes the premium increase is fair. This is a separate complaint which is being considered under a separate case with this service.

The insurer provides a premium based on its underwriting criteria and its appetite for risk. A broker sells the insurer's policy – but may also provide additional cover and has its own charges for selling or administering the policy along with any additional products.

Looking at the Statement of Fact dated 1 August 2023; this shows the insurer's premium for Home and Contents cover at £1,230.98. So although the total premium quoted was £1,305.97, this included a set-up fee by Sainsbury's and additional products provided by different businesses.

In my provisional decision I said I hadn't seen any evidence that Sainsbury's was in regular touch with the insurer in advance of the renewal date of 1 August 2024 to ensure the correct premium was calculated. And I hadn't seen any evidence that Sainsbury's initiated contact with Miss P before the renewal date. From what I've seen, it was Miss P who initiated all contact with Sainsbury's in the lead up to (and after) the renewal date.

In response to my provisional decision, Sainsbury's says it contacted the insurer on 12 July 2024 and 25 July 2024 and had provided call recordings. Having listened to the key call recordings, I agree with Sainsbury's. These recordings show that Sainsbury's chased the insurer in advance of the renewal date for a renewal premium to provide Miss P with.

I agree with Miss P that the cancellation notice did not give Miss P the reason why Sainsbury's had arranged the cancellation of her policy. And I agree that it was rectified promptly only because of Miss P's contact with Sainsbury's.

So I agree with Miss P that the majority of responses Sainsbury's gave to her complaint are not supported. I think the concerns Miss P raised in her email dated 27 September 2024 were reasonable, but Sainsbury's didn't answer those concerns.

When things go wrong, we look at what the impact was and if a business has done enough to put things right. In this case, while Sainsbury's has shown it contacted the insurer for a renewal quote, there is no evidence that Sainsbury's asked the insurer to provide a premium based on the previous year's price of £652.04. This is significant as Miss P's expectation was that this would happen.

I've considered what would have happened if Sainsbury's had provided a correct renewal premium in June 2023 based on Miss P's actual claims history and correct NCD years.

Miss P would have had to pay a higher premium. It is possible she would have been able to shop around for cover elsewhere if Sainsbury's had provided the correct renewal premium in good time. But as Miss P experienced when she tried to look for alternative cover in 2024, policies with open subsidence claims means there is less choice in the open market. Miss P explained that she contacted specialist brokers – but without a renewal quote they weren't able to assist her. However, when Sainsbury's replied to Miss P's complaint on 17 September 2024, it gave her a further fourteen days – in addition to the time from 30 July 2024 when it provided the quote of £1,925.10 – for Miss P to shop around.

Sainsbury's accepts that it shouldn't have cancelled the policy – and it accepts that it is ultimately responsible for providing a renewal quote in good time. While I think the offer of £250 goes some way to compensate Miss P for the distress and inconvenience caused, I don't think Sainsbury's has done enough to put things right.

Although Sainsbury's has shown it chased twice for a quote from the insurer before the renewal date, I haven't seen anything to show me that Sainsbury's acted proactively in ensuring the insurer provided a renewal quote based on a lower premium from the previous year. This is what Sainsbury's said it would do on 17 August 2023 to resolve Miss P's complaint. I cannot see that Sainsbury's addressed this when it responded to the complaint on 17 September 2024. I'm not satisfied that Sainsbury's provided a reason for cancelling Miss P's policy.

I can understand why the inconsistencies in the responses from Sainsbury's has caused Miss P distress and inconvenience.

In response to my provisional decision, Sainsbury's wrote;

"There are many risk factors that can impact the price calculated for a premium, however the price paid for the previous year's cover isn't one of them and has no bearing on the price offered at renewal. This means even if the price Miss P paid previously was to be considered it would still have no bearing on the price she was offered at renewal. As such Miss P renewal premium has been calculated the same way all of our customers premiums are calculated."

While what Sainsbury's says here seems reasonable, it doesn't change the fact that Sainsbury's told Miss P it would base the renewal quote on the previous year's premium. Sainsbury's told Miss P it would do something that it later decided it wouldn't. This amounts to a loss of expectation.

I have to consider that Miss P paid around £700 less in premium in August 2023 than she would otherwise have had to pay if Sainsbury's hadn't made any errors. This is outside of an award of compensation Sainsbury's also paid for the distress and inconvenience caused by its poor service.

In relation to this complaint, I think Sainsbury's has caused a loss of expectation for Miss P by failing to provide a quote from the insurer based on the lower previous year's premium. When a business makes a mistake in quoting amounts, we don't necessarily ask a business to pay the difference if the correct amounts involved mean a customer should have paid more. But we think a business should pay a compensation award for the loss of expectation.

In my provisional decision, I intended to ask Sainsbury's to pay a further £200 for loss of expectation, in addition to the £250 compensation Sainsbury's offered. I agree with Sainsbury's that it did chase the insurer twice before the renewal date for a quote, but this does not change the loss of expectation. Even if the insurer had provided a quote in good time – there would have still been a loss of expectation – as Sainsbury's did not chase for a quote based on the previous year's premium.

My final decision

My final decision is that I uphold this complaint. I require Sainsbury's Bank Plc trading as Sainsbury's Finance to do the following:

- pay Miss P a total compensation award of £450 for the distress and inconvenience caused by its poor service in handling the renewal of her policy in August 2024 and loss of expectation.
- Sainsbury's Bank Plc trading as Sainsbury's Finance must pay the compensation within 28 days of the date on which we tell it Miss P accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.
- If Sainsbury's Bank Plc trading as Sainsbury's Finance considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Miss P how much it's taken off. It should also give Miss P a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 11 November 2025.

Geraldine Newbold
Ombudsman