

The complaint

Mr K complains Saga Services Limited (Saga) mishandled a refund and made administrative failures after he cancelled a motor insurance policy he had taken out.

What happened

On 5 March 2025 Mr K took out a motor insurance policy using Saga as an intermediary. On the same day he cancelled it. He provided bank details for the refund to be sent to.

The day after cancellation Mr K was told on the phone that his refund would be processed within 24 hours, however the refund failed. Mr K then provided alternative bank account details for the refund to be made to.

Mr K also received correspondence from Saga which said his refund would be processed within 14 days, which was in conflict with the timescales he had been told on the phone.

The refund was completed on 13 March 2025.

Saga apologised for the confusion caused due to its error in the wording of the email that said the refund would be processed within 14 days. It awarded him £15 compensation for the confusion caused. It didn't agree it had caused any delay in processing the refund.

Because Mr K was not happy with Saga, he brought the complaint to our service.

Our investigator didn't uphold the complaint. They looked into the case and said they appreciated there were delays in receiving the refund, however they believed Saga rectified this as soon as he provided different account details. And it acknowledged its mistake and offered £15 compensation.

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

What I provisionally said

Mr K bought the motor insurance policy using Saga, and paid for it in full by credit card. He decided on the same day that he no longer wished to buy it and so rang and cancelled it. Saga advised Mr K that it had already started the process to collect payment. However it said as he had paid and cancelled in the same day it may mean the payment collection didn't happen.

I listened to the call made by Mr K to Saga the next day, 6 March 2025. Saga confirmed the payment had been collected, and it was in the process of organising the refund back to his credit card. It said this would take five to ten working days. Mr K wasn't happy with this timescale. Saga told him that in exceptional cases it could organise for a payment to go back directly to his bank as a faster alternative, of which Mr K accepted.

There was then lengthy conversation as to the bank details that were required. Although I recognise Saga's advisor said the payment would go direct to his bank account, she didn't explain that payment had been collected from his credit card and its alternative offer was to pay back to his bank account, and these were different. She told him more than once the sort code and bank account number she required should be on the card he used to make the payment. Such guidance would've been correct if he'd paid by debit card, but not for a credit card. Because her guidance was incorrect it caused confusion and frustration to Mr K. He told her the credit card was the only account he had with that bank. He provided a sort code and a bank account number of which he found on correspondence from the bank. Saga's advisor confirmed she would pass this information to her manager and explained a refund should be made within 24 hours.

I saw the next day Saga's advisor rang Mr K to say the bank details he had provided were not correct. He agreed to call his bank to check them. He did this and then confirmed the details he had provided were correct. Saga's advisor thanked him and told him the refund would be received into his bank the following working day; Monday 10 March 2025. It didn't arrive as he was informed, so Mr K rang Saga. It apologised and said it would be received the next day. He asked for correspondence to be sent to him to acknowledge the refund.

On 12 March 2025 Saga contacted Mr K to tell him it had been unable to pay the refund into the account he had provided because this wasn't a personal account. He was offered payment by cheque, which he declined. Mr K then provided alternative bank account details. The refund was processed and received the next day on 13 March 2025.

I recognise Saga's advisor tried to help Mr K receive a refund faster than the estimated five to ten days, but this resulted in her providing him with expectations it then failed to meet. He was told a number of times his refund would be received the next working day, and it didn't happen. This was because of Saga not processing the refund internally as it told him it would, and then when the payment was eventually processed it failed due to incompatible bank account details being used. It is clear Mr K didn't deliberately provide incorrect bank account information. He wanted a faster refund to his credit card and Saga's advisor didn't clearly explain the faster refund was to a bank account and not his credit card. If this had been explained, then Mr K would've been able to provide details of a personal bank account during the call on 6 March 2025, or choose to wait the five to ten days for a refund to his credit card.

Saga acknowledged it had made an error regarding the timescale of refund in the email sent to him to confirm it was being processed. It apologised for this mistake and awarded £15 compensation for the confusion caused.

I also intend for it to pay him compensation for the distress and inconvenience caused due to the poor level of service when it failed to clearly explain the refund offered wasn't to be paid to his credit card but to a personal bank account, which in turn delayed the payment of the alternative refund process offered.

Therefore, I intend to uphold Mr K's complaint and intend to require Saga to pay him a further £100 compensation for the distress and inconvenience caused because its advice on where to find his bank details was incorrect, plus it didn't explain to him the difference between a credit card refund and payment to his bank. And because it incorrectly advised him several times his refund would arrive the next day.

Responses to my provisional decision

Mr K didn't make a response.

Saga accepted my 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.

As Saga accepted my provisional decision and Mr K didn't make a response, I therefore maintain my provisional decision and I uphold Mr K's complaint.

Putting things right

I require Saga to pay Mr K a further £100 compensation for the distress and inconvenience caused in this case.

My final decision

For the reasons I have given I uphold this complaint.

I require Saga Services Limited to pay Mr K a further £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 20 November 2025.

Sally-Ann Harding
Ombudsman