

## **The complaint**

Mr H has complained about his motor insurer Tesco Underwriting Limited because it told him his policy for his pick-up vehicle would have to be cancelled, even though it had just renewed.

## **What happened**

Mr H held three policies with Tesco. Two were due to renew in December 2022, one of those was for his pick-up and listed Mrs H as a named driver. Mr H spoke to Tesco on 29 December 2022, confirmed all the policy details were correct and the policy renewed on 30 December 2022. On 6 January 2023, Mr H spoke to Tesco about the third policy, for his wife's car. He realised that her occupation needed updating, and that it likely did on the other two recently renewed policies too. Tesco said it couldn't change the pick-up policy and, in fact, that cover would have to be cancelled.

It transpired that Tesco had changed its underwriting criteria in mid-December 2022, in-between Mr H being offered renewal and renewal taking place. This meant it would no longer be offering cover for pick-ups and similar vehicles. Tesco though had decided to honour the already offered renewal terms, but on all its policies for similar vehicles it had decided to not continue cover where mid-term changes were subsequently requested by the policyholder. So when Mr H spoke to Tesco on 6 January 2023 he was told the policy he had would have to be cancelled as it couldn't be changed to allow for correction of the incorrect detail regarding Mrs H's occupation. Tesco gave Mr H the option of cancelling the policy himself and it provided him a full premium refund without deducting anything for the period of cover. However, it didn't offer to refund the cost Mr H had paid for his no claims protection.

Mr H was unhappy. He had to find cover at short notice. On review Tesco accepted that its change of policy had caused Mr H some inconvenience, so it said it would pay him a total of £80 to his bank account. It noted he felt he'd had to pay more for new cover – but it didn't think this additional cost was something it was reasonably responsible for paying. Mr H complained to the Financial Ombudsman Service.

Our Investigator felt Tesco's offer of compensation, totalling £80 was fair and reasonable in the circumstances. So he didn't uphold the complaint.

Mr H said he had not been given seven days' notice within which to cancel the policy. He said he'd been told if he continued with the policy for seven days, Tesco would view him as having been declined insurance and he'd have to declare that. This obviously wasn't acceptable to him. Mr H's complaint was referred to me for an Ombudsman's consideration.

## **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 understand it was frustrating for Mr H to have just renewed his cover only to be told, when making a seemingly simple change, that he'd have to find cover elsewhere. I also understand that he felt he had to change the cover straightaway such that his choice of alternative providers was somewhat limited, causing him to take more expensive cover. But I'm not persuaded that Tesco did anything wrong to cause any of that.

Tesco, as any insurer constantly reviews what risks it is prepared to take, what cover it will offer and at what price. Sometimes reviews like that cause an insurer to decide to stop offering certain types of cover altogether. That is a commercial decision for the insurer to make and not one the Financial Ombudsman Service would interfere with. As long as the change is implemented fairly, causing no more than minimal impact to its policyholders.

Here I can see that in mid-December 2022, Tesco made a business decision to no longer offer cover for pick-up vehicles. But, at this time, Tesco had already offered cover, on the agreed terms, to Mr H for his pick-up vehicle. So Tesco honoured that offer. That was fair and reasonable. However, after the change to Tesco's business and Mr H's renewal had occurred, Mr H sought to change the terms of his cover. I accept that, for Mr H it was a simple change necessary due to an understandable small oversight. But the change effectively meant the policy as a whole, as agreed before Tesco's business decision about pick-ups was made, came under review. Which meant the policy was then viewed in the light of that decision. Whilst I appreciate that was frustrating and somewhat inconvenient for Mr H, I think it was fair and reasonable.

During the conversations Mr H had about his pick-up with Tesco in January 2023, he was given the chance to cancel the cover himself. A forced cancellation by Tesco would have needed to be declared. I bear in mind that the policy requires the holder to tell Tesco of any changes but doesn't guarantee that any/all changes will be acceptable to it. Rather that upon being told of a change, it will consider what effect that will have on the cover. But the policy also gives Tesco the right to cancel with notice i.e. at the end of the seven day notice period the policy, if still in effect, will be cancelled by it – where a requested change results in it no longer being able to offer cover. Which is what Tesco said it would do here. So, unless Mr H cancelled the policy within the next seven days, Tesco would cancel it. I appreciate this made Mr H feel he had to cancel immediately, which caused him an additional expense. But as Tesco was reacting to Mr H's request for a change to the cover, in light of its recent business decision, and it acted within the terms of the policy as was in place, I'm not persuaded I can fairly and reasonably hold it liable for any cost Mr H incurred when changing his cover. I note Tesco has agreed £80 compensation for inconvenience. Taking into account what I've said above – about Tesco acting reasonably, I think that's a fair response from it, I'm not going to require it to do anything more.

### **My final decision**

I don't uphold this complaint. I don't make any award against Tesco Underwriting Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 September 2023.

Fiona Robinson  
**Ombudsman**