

The complaint

Mr and Mrs T are unhappy Sainsbury's Bank Plc (Sainsbury's) cancelled their contents insurance policy.

What happened

Mr and Mrs T purchased a contents insurance policy online via Sainsbury's. When taking out the policy Mr and Mrs T chose to pay by monthly instalments, however, Sainsbury's was unable to collect the first direct debit.

Sainsbury's notified Mr and Mrs T several times that they'd need to make contact to set up a new direct debit. However, Mr and Mrs T say they didn't receive the notifications, and by the time they did, it was too late, and Sainsbury's had cancelled their policy.

As Mr and Mrs T were unhappy with Sainsbury's they approached this service.

One of our investigators looked into things but she didn't uphold the complaint. She was satisfied Sainsbury's had provided sufficient notification to Mr and Mrs T, and they hadn't contacted Sainsbury's to set up a new direct debit. So, she concluded that Sainsbury's hadn't acted unfairly by cancelling the policy.

Mr and Mrs T didn't agree and asked for a final decision from an ombudsman.

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.

Having done so, whilst I appreciate it will come as a disappointment to Mr and Mrs T, I've reached the same outcome as our investigator.

Mr and Mrs T set up their insurance policy online and entered bank details for the direct debit. Sainsbury's was unable to collect the first instalment using the details Mr and Mrs T had provided.

Sainsbury's notified Mr and Mrs T of this on:

- 5 April 2023 – a letter was sent, and a copy was also uploaded to Mr and Mrs T's online portal, and an email was sent to advise of the uploaded document the following day. The letter confirmed that there was an issue with the direct debit instruction and Mr and Mrs T needed to telephone Sainsbury's on the number provided within seven days, or the policy might be cancelled.
- 6 April 2023 – a SMS message was sent to Mr and Mrs T which outlined the direct debit had been cancelled, and to prevent the insurance policy being cancelled Mr and Mrs T needed to telephone Sainsbury's on the number provided.
- 12 April 2023 – this letter outlined that the policy would be cancelled on 22 April 2023 if Mr and Mrs T didn't contact Sainsbury's on the number provided before then to set up a new direct debit.
- 24 April 2023 – confirmation was sent that the policy had been cancelled which outlined the relevant charges applicable.

Mr and Mrs T say they only received the letter dated 12 April 2023 on 22 April 2023. They said to this service that the first available opportunity they had to contact Sainsbury's was 24 April 2023 - when the policy was already cancelled. They say that Sainsbury's didn't give them sufficient time to avoid the cancellation.

However, from the information Sainsbury's provided, the first contact from Mr and Mrs T was actually on 28 April 2023, rather than 24 April 2023. And it appears Mr and Mrs T said they couldn't call any sooner due to other commitments.

But in any event, I'm satisfied that Sainsbury's has shown they notified Mr and Mrs T before this letter was sent and received that the policy would be cancelled unless they called to set up a new direct debit. The text message outlined above was sent on 6 April 2023 to the same number that Mr and Mrs T provided this service. And Sainsbury's has shown that the copy of the letter sent on 5 April 2023 was accessed and downloaded on the portal by Mr and Mrs T on 12 April 2023. So, Mr and Mrs T were notified prior to the letter which they say they didn't receive until 22 April 2023.

Mr and Mrs T had also made a manual payment for the missed instalment of £5.76 on 11 April 2023, so were already aware there was an issue with their payments and direct debit. Therefore, on balance, I think its likely they made the manual payment due to receiving the notifications prior to this from Sainsbury's.

Whilst Mr and Mrs T have said that they thought making the payment would be sufficient, Sainsbury's required them to call in to set up a new direct debit, as this couldn't be done on the portal. This is because Sainsbury's required bank account details, rather than payment card details, which is what was provided by Mr and Mrs T when they made the manual payment.

The various communications sent to Mr and Mrs T outlined they needed to call Sainsbury's in order to stop the policy being cancelled. Mr and Mrs T didn't call Sainsbury's to set up the new direct debit by the deadline given, and I'm satisfied Sainsbury's sufficiently notified them of this, and what would happen if they didn't. Therefore, I don't think Sainsbury's acted unfairly by cancelling the policy, so I won't be directing them to do anything further or to waive the fees as Mr and Mrs T have asked for.

My final decision

It's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T and Mrs T to accept or reject my decision before 7 December 2023.

Callum Milne
Ombudsman