

## **The complaint**

Mrs K complains about how Sainsbury's Bank Plc administered her motor insurance policy. She wants it to refund the additional costs she incurred when her policy was cancelled.

## **What happened**

Mrs K was involved in a collision in 2020 and her policy's underwriter at the time held her not at fault. A year later, the underwriter was unable to recover its outlay and it wrote to Mrs K telling her that the claim was now recorded as a fault. Mrs K accepts this. When her policy bought through Sainsbury's renewed in 2022, Mrs K accepted the quote with a new underwriter. The claim from 2020 was listed on the quote but recorded as "NCB prejudiced", "No", when it should have been "Yes".

The new underwriter noted that the claim had been incorrectly disclosed and, after unsuccessful attempts to contact Mrs K, instructed Sainsbury's to cancel the policy. Mrs K was given a refund of her premium less charges for cancellation and her time on cover. And Mrs K then had to take out a more expensive policy.

Mrs K said it was for Sainsbury's to record the claim correctly on her renewal documents. She said she didn't respond to its letters asking her to contact it as they were poorly produced, and she thought they were scams. She thought the policy shouldn't have been cancelled and Sainsbury's should reimburse her the extra costs she'd incurred.

Sainsbury's said the previous underwriter hadn't told it that the claim had been changed to "fault". It said Mrs K should have told it and should have noticed this was incorrectly recorded on the renewal documents. But it offered Mrs K £100 compensation for any trouble and upset caused.

Our Investigator recommended that the complaint should be upheld. He thought it was reasonable for Mrs K to expect the underwriter to have told Sainsbury's about the change in the claim status. He thought the information about the claim status on the renewal documents was unclear. So he thought Mrs K wasn't to blame for the claim being incorrectly disclosed. He thought Sainsbury's should restore Mrs K's position by refunding the retained premium for her cancelled policy and paying her a total of £150 compensation.

Sainsbury's replied that it wasn't responsible for the cancellation, and it thought Mrs K was aware that the claim had been incorrectly recorded. It said it hadn't been told by the underwriter of the change in outcome.

## **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.

Mrs K said that she was aware that the claim had been changed from "non-fault" to "fault" by the underwriter. So I think I need to consider two issues: was Sainsbury's made aware by the underwriter of the change in claim outcome, and; was the claim outcome clearly enough recorded on the renewal documents for Mrs K to see that it wasn't correctly recorded?

Sainsbury's said that it wasn't told by the underwriter that it had changed the claim's record. But I don't think this is correct. I can see in Sainsbury's file notes that it had a discussion with the underwriter in June 2022. The note says the underwriter was unable to recover the outlay, so it was changed to a fault claim. It also says the underwriter sent notification to Sainsbury's when the change was made to a fault claim.

Our Investigator asked Sainsbury's for its comments on this file entry. But it hasn't responded or provided its correspondence with the underwriter. So I'm satisfied that it's most likely that the underwriter did notify Sainsbury's about the change to a fault claim.

Sainsbury's should then have updated its records so that the renewal notice it send to Mrs K recorded the correct outcome for the claim. But I can see that it didn't do this. The renewal notice had details about the claim. But the outcome for "NCB prejudiced" was incorrectly "No".

Mrs K said she had relied on Sainsbury's providing accurate information and so she didn't notice this. I think it would usually be reasonable to expect Mrs K to check that her details were correct and inform Sainsbury's about any errors as this might affect future claims and her cover. But I don't think this would be fair and reasonable in Mrs K's particular circumstances.

This is because I don't think it's reasonable for Sainsbury's to expect a consumer to understand that "NCB prejudiced" means that the claim was or wasn't a fault. Other policy schedules I've seen simply state such things as "fault or "non-fault". Mrs K had paid for NCB protection. And she may have understood that her NCB wouldn't reduce because of this. So I'm not satisfied that Sainsbury's presented information about the claim clearly. And I don't think it's fair or reasonable for it to hold Mrs K responsible for not spotting the error.

Sainsbury's said Mrs K had disclosed the claim as "fault" when she took out a new policy after her previous one was cancelled. It said that this showed that Mrs K was aware that the claim should be recorded as "fault". But this isn't in dispute. And so I don't think this is a reason why Sainsbury's can say that Mrs K provided incorrect information about the claim.

Sainsbury's said Mrs K didn't respond to its attempts to contact her about the policy before it was cancelled. Mrs K said she thought the letters and emails were scams. But I think Sainsbury's made reasonable attempts to contact Mrs K and notify her about the cancellation.

When a business makes a mistake, as I'm satisfied Sainsbury's has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

But for Sainsbury's error, Mrs K would have taken out a policy with the claim recorded correctly and she would have paid a higher premium for it, as she later did. And so her insurer wouldn't then have cancelled her policy and Mrs K wouldn't have paid charges for this. So to restore her position I think Sainsbury's should refund the full amount Mrs K paid for her cancelled policy.

Sainsbury's offered Mrs K £100 compensation for the trouble and upset caused. But I'm not satisfied that this is enough in the circumstances. In keeping with our published guidance, I think it should increase this to £150 in total.

### **Putting things right**

I require Sainsbury's Bank Plc to do the following:

1. Refund the full amount Mrs K paid for the policy that was cancelled, a total of £383.10 (less the amount already paid).
2. Pay Mrs K £150 in total compensation for the distress and inconvenience its mistake caused.

**My final decision**

For the reasons given above, my final decision is that I uphold this complaint. I require Sainsbury's Bank Plc to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 28 July 2023.

Phillip Berechree  
**Ombudsman**