

The complaint

Mr and Mrs M are unhappy that Red Sands Insurance Company (Europe) Limited hasn't provided them with a premium refund.

Mrs M is a joint policyholder. As Mr M brought the complaint, I'll mainly refer to him in my decision.

This complaint also involves the actions of agents for whom Red Sands is responsible. Any reference to Red Sands includes its agents.

What happened

Mr and Mrs M took out a home insurance policy in March 2023. The policy was underwritten by Red Sands.

In July 2023, Mr M decided he wanted to cancel the policy and find cover elsewhere. He asked Red Sands to cancel the policy in August, and it said Mr M would need to go to its website to do this himself. Mr M said he would do so.

Mr M contacted Red Sands in December 2023 to ask whether the policy had been cancelled. Red Sands said the policy was still live as Mr M hadn't cancelled it online. Mr M explained that his computer's security software was flagging the website as suspicious, so he couldn't access it. He asked Red Sands to cancel the policy for him. Red Sands said Mr M would need to do this online and it suggested he use another device.

Mr M wasn't happy with this, so he complained. He said he wasn't able to use the website and wanted the policy cancelled. He also said he was dual insured as he'd taken out a new policy in August with another provider.

During its complaint investigation, Red Sands suggested Mr M use another device, try a different web address, and disable his security system.

Mr M still couldn't access the website and wasn't willing to disable his security system. He also provided a welcome email from his new insurer to show that he was dual insured, but wasn't willing to provide anything more as he felt this should have been enough.

Red Sands didn't uphold the complaint. It said it had tried to help Mr M but he hadn't taken action. It also said it would need more proof of his new insurance but Mr M hadn't been willing to provide anything more.

Mr M had already referred his complaint to the Financial Ombudsman Service at this point.

Our investigator didn't think the complaint should be upheld, but she said if Mr M provides further proof of being dual insured, then Red Sands should refund 50% of the policy premium for the affected period. In response, Red Sands sent Mr M a dual insurance form to pass to his new insurer.

Mr M didn't agree with our investigator's view, so the case was passed to me to decide. I issued a provisional decision setting out why I was intending to uphold the complaint. I said:

"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, I'm intending to uphold the complaint. I've set out my reasons below and how I think the complaint should be sorted out. I've focused my comments on what I think is relevant. If I haven't commented on a specific point, it's because I don't believe it affects what I consider to be the right outcome.

When Mr M asked Red Sands to cancel his policy in July 2023, I think it was reasonable for Red Sands to tell Mr M to do this via its website. It provided the link and Mr M replied to say, "I will cancel the policy on that date in the way you describe. Thanks for your instructions." I'm satisfied that this was Red Sands' usual process for this type of policy, I don't think it was unreasonable, and Mr M agreed to it.

Mr M has referenced regulatory rules. But I'm not aware of a provision that would prevent a firm from asking a customer to give notice of cancellation in a certain way, like via a website or portal. This also isn't unusual. Further, in July, Mr M was intending to cancel his policy on a particular date the following month. So, I still think it was reasonable for Red Sands to ask Mr M to use its website in the first instance – and I'm satisfied that Mr M agreed to this.

However, when Mr M contacted Red Sands in December 2023, and explained his issues accessing the website, I think Red Sands should have acted differently.

I've looked at Red Sands' terms of business, which say:

"There are no fees to update Your cover, which You do online, or to cancel a policy, which You can do at any time, again online."

I take from this that a policyholder can cancel their policy online. But I don't take from this that there are no other options. Red Sands' agent said they couldn't cancel the policy for Mr M due to security reasons. But Mr M has given what I consider to be valid reasons why he couldn't use the website. He's provided proof of the warning from his security system. He tried Red Sands' suggestion of a slightly different web address. And I think it was reasonable that he didn't want to disable or override his security software. He's also explained that he doesn't have access to another device that he could have used.

So, in the circumstances of this complaint, I don't think it was fair and reasonable for Red Sands to have insisted that Mr M cancel his policy online, especially when it had been made aware that Mr M was dual insured. I think Red Sands should have cancelled the policy on Mr M's behalf, and I'm not persuaded that it was totally unable to do so.

I would usually tell Red Sands to provide a pro-rata refund. But Mr M was dual insured from August 2023 until his policy lapsed in March 2024. Standard industry practice is for both insurers to provide a 50% refund for the affected period. Mr M isn't sure if he's received this refund from his new insurer, but he is expecting it. So, I won't be telling Red Sands to provide a pro-rata refund, as this could lead to Mr M receiving a 100% refund from Red Sands and a 50% refund from his new insurer across a large part of the dual-insured period, which wouldn't be fair.

Instead, I think the fairest outcome is twofold. First, Red Sands should refund 50% of Mr and Mrs M's policy premium from 17 August 2023 to 11 March 2024. I accept that Red Sands didn't have enough proof that Mr M was dual insured. But Mr M has now provided his insurance schedule to confirm this. He's also said his new insurer has sent Red Sands back its dual insurance form. So, in line with standard industry practice, I see no reason for Red Sands to delay the refund.

Second, Red Sands should pay Mr M £100 of compensation to recognise the poor service it provided. I think Red Sands' refusal to cancel the policy on Mr M's behalf, after he'd explained that he couldn't reasonably do it himself, would have been frustrating and upsetting. I think much of this could have been avoided. So, I think £100 is a fair amount – and is what I intend to award.”

I asked the parties to respond with any further evidence or comments they wanted me to consider.

Responses

Mr M said he was pleased with my provisional decision. He said his other insurer had responded quickly and provided the 50% refund. He feels this contrasts with Red Sands.

Red Sands said it didn't agree with my provisional decision. Regarding the dual insurance, it said it had asked Mr M for proof that he was dual insured, and he didn't provide this. It said it had sent a dual insurance form but so far hadn't received this back.

Regarding the cancellation, Red Sands said this type of policy is managed online and customers are empowered to control the policy this way, including cancellations. It said it provided Mr M with as much information as possible for him to cancel. It also said even though Mr M may not have had another device, he might have been able to use a mobile phone or a family member's device instead.

Red Sands said Mr M hasn't been forthcoming with its requests, like cancelling the policy himself, providing evidence, or returning the dual insurance form. It provided further emails to show this. It doesn't think it provided poor service. And it said by cancelling the policy it wouldn't be treating customers fairly because this isn't something it offers to other customers.

As the parties have responded, I now consider it appropriate to issue my final 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.

I've thought about the points Red Sands has raised, but I'm still of the opinion that the complaint should be upheld. I'll explain why.

First, I want to reiterate what I said in my provisional decision which is that Red Sands did not have enough proof that Mr M was dual insured at the time it issued its final response. However, Mr M has since provided proof that he was dual insured. Mr M has also said his other insurer has provided their part of the refund and has sent the dual insurance form back. I appreciate Red Sands may not have received this yet. But I'm satisfied Mr M was dual insured for the relevant period. So, as I'm upholding the complaint for the customer service issues, I see no reason for Red Sands to delay its refund for the affected period.

Second, I've looked again at the cancellation issue in view of Red Sands' comments and further emails. But I still don't think Red Sands acted fairly. I'm satisfied that Mr M followed Red Sands' instructions up until he reasonably couldn't, i.e. when Red Sands asked him to disable his security system or to use another device, which he's said he does not have. Mr M has not made this argument, but Mr M is of an age where it isn't unusual for him not to have other devices to use. So I don't think it was fair for Red Sands to refuse to cancel the policy and insist that Mr M do it himself when he had explained why he couldn't.

I appreciate Red Sands may not offer this service to other customers with this policy. But treating customers fairly does not always mean treating customers the same. In the circumstances of this complaint, given the steps that Mr M had tried and the explanations he had given, I think treating Mr M fairly would have meant Red Sands cancelling the policy – especially as it had been told that Mr M was dual insured, so it was on notice that he was paying for double cover. I'm not convinced that Red Sands was incapable of cancelling the policy. So, I still think Red Sands acted unfairly and that it should pay Mr M some compensation to recognise the distress and hassle that followed. I still believe £100 is a fair amount – so that is what I award.

I've reviewed the matter again and my opinion hasn't changed. So, the findings of my provisional decision and my comments here are now the findings of this, my final decision.

Putting things right

To resolve this complaint, Red Sands must:

- Refund Mr and Mrs M 50% of their policy premiums from 17 August 2023 to 11 March 2024.
- Pay Mr M £100 of compensation for distress and inconvenience.

My final decision

For the reasons I've given, I uphold Mr and Mrs M's complaint about Red Sands Insurance Company (Europe) Limited and direct it to do as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 10 December 2024.

Chris Woolaway
Ombudsman